

**FORT MYERS BEACH
PUBLIC LIBRARY DISTRICT**

September 30, 2020

**BASIC FINANCIAL STATEMENTS,
TOGETHER WITH REPORTS OF INDEPENDENT AUDITORS**

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Independent Auditor's Report

Board of Directors
Fort Myers Beach Public Library District
Fort Myers Beach, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of the Fort Myers Beach Public Library District, (the "District") as of and for the fiscal year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the District as of September 30, 2020, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters - Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 23, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters included under the heading INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

Ashley, Brown & Smith, CPAs

Punta Gorda, FL

June 23, 2021

MANAGEMENT'S
DISCUSSION AND ANALYSIS

Fort Myers Beach Public Library District
MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the Fort Myers Beach Public Library District (the "District") financial statements is designed to introduce the basic financial statements and provide an analytical overview of the District's financial activities for the fiscal year ended September 30, 2020. The basic financial statements are comprised of the government-wide financial statements, governmental fund financial statements, and notes. The information presented in this MD&A should be considered in conjunction with the accompanying financial statements.

District Highlights

- At the close of fiscal year 2020, the District's assets exceeded its liabilities, resulting in net position of \$15,502,018.
- The District's total net position increased \$82,624, or 0.54 percent, in comparison to prior year.
- The District had \$922,598 of unassigned fund balance that can be used to meet the District's ongoing obligations.
- Total revenues decreased \$160,237, or 10.23 percent, in comparison to prior year.
- Total expenses decreased \$59,124, or 4.28 percent, in comparison to prior year.

Government-wide Financial Statements

Government-wide financial statements (statement of net position and statement of activities found on pages 8 and 9 are intended to allow a reader to assess a government's operational accountability. Operational accountability is defined as the extent to which the government has met its operating objectives efficiently and effectively, using all resources available for that purpose, and whether it can continue to meet its objectives for the foreseeable future. Government-wide financial statements concentrate on the District as a whole and do not emphasize fund types.

The *Statement of Net Position* (page 8) presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. The District's capital assets (property, plant, and equipment) are included in this statement and reported net of their accumulated depreciation.

The *Statement of Activities* (page 9) presents revenue and expense information showing how the District's net position changed during the fiscal year. Both statements are measured and reported using the economic resource measurement focus (revenues and expenses) and the accrual basis of accounting (revenue recognized when earned and expense recognized when a liability is incurred).

Fund Financial Statements

A fund is a grouping of related accounts that is being used to maintain control over resources that have been segregated for specific activities or objectives. Governmental funds are used to account for the sources, uses, and balances of a government's expendable general government financial resources (and the current liabilities). The main focus is on how money flows into and out of the general fund and the balances left at year-end that are available for spending.

Fort Myers Beach Public Library District
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Fund Financial Statements (continued)

The Fund financial statements (found on pages 10 and 12) are prepared on the modified accrual basis using the current financial resources measurement focus. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available as net current assets.

Notes to the Financial Statements

The *notes* to the financial statements explain in detail some of the data contained in the preceding statements and begin on page 14. These notes are essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

The government-wide financial statements were designed so that the user could determine if the District is in a better or worse financial condition from the prior year.

The following is a condensed summary of net position for the primary government for fiscal years 2020 and 2019.

Fort Myers Beach Public Library District
Summary of Net Position
September 30,

	2020	2019
Assets		
Current and other assets	\$ 5,721,313	\$ 5,239,690
Capital assets	10,474,208	10,802,546
Total Assets	16,195,521	16,042,236
Deferred Outflows of Resources	269,683	305,974
Total Assets and Deferred Outflows of Resources	16,465,204	16,348,210
Liabilities		
Accounts payable and accrued liabilities	30,274	48,252
Compensated absences	52,180	47,518
Net Pension Liability	767,997	768,754
Total Liabilities	850,451	864,524
Deferred Inflows of Resources	112,190	64,292
Total Liabilities and Deferred Inflows of Resources	962,641	928,816
Net position		
Invested in capital assets	10,474,208	10,778,507
Unrestricted	5,027,810	4,640,887
Total Net Position	\$ 15,502,018	\$ 15,419,394

Fort Myers Beach Public Library District
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Government-Wide Financial Analysis (continued)

Investment in capital assets totaled \$10,474,208, which represents 67.57 percent of total net position and is comprised of land, building and improvements, books, audio visual, artwork, and furniture, fixtures and equipment, net of accumulated depreciation.

The following schedule reports the revenues, expenses, and changes in net position for the District for the 2020 and 2019 fiscal years:

Revenues	2020	2019
Ad valorem taxes	\$ 1,239,008	\$ 1,345,614
Grants - State aid to libraries	23,330	31,454
Other	143,736	189,243
Total Revenues	1,406,074	1,566,311
Expenses		
Personal services	640,170	756,979
Operating expenditures	683,280	625,595
Total Expenses	1,323,450	1,382,574
Increase in Net Position	82,624	183,737
Net Position, Beginning of Year	15,419,394	15,235,657
Net Position, End of Year	\$ 15,502,018	\$ 15,419,394

Total revenues decreased \$160,237 or 10.23 percent, in comparison to prior year primarily due to the District lowering the millage rate below the rollback rate.

Total expenses decreased in comparison to the prior year by \$59,124 or 4.28 percent, primarily due to an \$116,809 decrease in personal services and an \$57,685 increase in operating expenses in response to the pandemic.

Budgetary Highlights

The District adopts an annual budget as required by Florida Statute. There were no budget amendments in fiscal year 2020. Overall actual revenues varied from final budgeted revenues positively by \$17,099. Actual expenditures were less than budgeted expenditures by \$216,602.

Fort Myers Beach Public Library District
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Capital Assets

Non-depreciable capital assets include land, and books, audio visual, and artwork. Depreciable assets include building and improvements, and furniture, fixtures and equipment.

The following is a schedule of the District's capital assets:

Fort Myers Beach Public Library District
Capital Assets
As of September 30,

CAPITAL ASSETS	2020	2019
Land	\$ 1,273,270	\$ 1,273,270
Books, audio visual and artwork	1,182,349	1,184,894
Total Capital Assets Not Being Depreciated	2,455,619	2,458,164
Furniture, fixtures and equipment	1,275,219	1,275,219
Improvements	98,294	98,294
Buildings	10,178,043	10,178,043
Total Capital Assets Being Depreciated	11,551,556	11,551,556
 ACCUMULATED DEPRECIATION		
Furniture, fixtures and equipment	(921,283)	(853,532)
Improvements	(60,608)	(57,361)
Buildings	(2,551,076)	(2,296,281)
Total Accumulated Depreciation	(3,532,967)	(3,207,174)
Total Capital Assets Being Depreciated, net	8,018,589	8,344,382
 CAPITAL ASSETS, NET	 \$ 10,474,208	 \$ 10,802,546

Debt Administration

The District's outstanding debt is comprised of \$52,180 in compensated absences and \$767,997 in net pension liability.

Fort Myers Beach Public Library District
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Economic Factors and Next Year's Budget Rates

The District relies on ad valorem taxes as its primary source of revenue.

When preparing the District's budget for the 2020-2021 fiscal year, the Board of Directors adopted the millage rate of 0.32839 mills per \$1,000 which is a 5.99 percent decrease from the 2019-2020 millage rate of \$0.3020.

A gradual increase in property values has had an beneficial effect on the economic environment. The District continues to closely monitor expenses and the millage rate with respect to the changing environment.

Request for Information

This financial report is designed to present users (citizens, customers, investors and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. Questions concerning this report or requests for additional financial information should be directed to: Fort Myers Beach Public Library District, 2755 Estero Blvd, Fort Myers Beach, FL 33931 or by calling (239) 765-8162

**BASIC
FINANCIAL STATEMENTS**

Fort Myers Beach Public Library District
Statement of Net Position
September 30, 2020

ASSETS

Current assets:

Cash and cash equivalents	\$ 5,721,313
Total current assets	5,721,313

Noncurrent assets:

Capital assets:

Land	1,273,270
Books, audio visual and artwork	1,182,349
Furniture, fixtures and equipment	1,275,219
Improvements	98,294
Buildings	10,178,043
Less accumulated depreciation	(3,532,967)
Total noncurrent assets (net)	10,474,208
Total assets	16,195,521

Deferred outflows of resources	269,683
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Total assets and deferred outflows of resources	16,465,204
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LIABILITIES

Current liabilities:

Accounts payable	10,428
Accrued payroll and related liabilities	18,586
Deposits	1,260
Current portion of long term debt	545
Total current liabilities	30,819

Noncurrent liabilities:

Net pension liability	767,997
Compensated absences	52,180
Total noncurrent liabilities	820,177

Total liabilities	850,996
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Deferred inflows of resources	112,190
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Total liabilities and deferred inflows of resources	963,186
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NET POSITION

Invested in capital assets, net of related debt	10,474,208
Unrestricted	5,027,810
Total net position	\$ 15,502,018

The accompanying notes are an integral and essential part of these financial statements.

Fort Myers Beach Public Library District
Statement of Activities
For the fiscal year ended September 30, 2020

Program expense:	
Salaries and benefits	\$ 640,170
Operating	357,487
Depreciation	<u>325,793</u>
Total program expenses	<u>1,323,450</u>
Program revenues:	
Charges for services	8,797
Operating grants and contributions	<u>23,330</u>
Total program revenues	<u>32,127</u>
Net program (expenses)	<u>(1,291,323)</u>
General revenues:	
Property taxes	1,239,008
Investment income	101,660
Miscellaneous	<u>33,279</u>
Total general revenues	<u>1,373,947</u>
Change in net position	82,624
Net position - beginning, October 1, 2019	<u>15,419,394</u>
Net position - ending, September, 30, 2020	<u><u>\$ 15,502,018</u></u>

The accompanying notes are an integral and essential part of these financial statements.

Fort Myers Beach Public Library District
Balance Sheet
September 30, 2020

ASSETS

Cash and cash equivalents	\$ 5,721,313
Total assets	\$ 5,721,313

LIABILITIES & FUND BALANCE

Liabilities

Accounts payable	\$ 10,428
Deposits	1,260
Accrued payroll and related liabilities	18,586
Total liabilities	30,274

Fund Balances

Assigned	
Catastrophe Fund	1,481,522
Equipment and Building Replacement	1,925,959
Solar Capital Project Fund	1,360,960
Unassigned	922,598
Total fund balances	5,691,039

Total liabilities and fund balances	\$ 5,721,313
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The accompanying notes are an integral and essential part of these financial statements.

Fort Myers Beach Public Library District
 Reconciliation of the Balance Sheet To the Statement of Net Position
 September 30, 2020

Fund Balance		\$ 5,691,039
Deferred inflows and outflows related to pensions are reported on the Statement of Net Position, but do not require the use of current financial resources and are not reported on the fund financial statements.		157,493
Capital assets used in governmental activities are not financial resources and are therefore not reported on the balance sheet:		10,474,208
Long-term liabilities are not due and payable in the current period and are therefore not reported on the balance sheet:		
Net Pension Liability	\$ (767,997)	
Compensated Absences	(52,725)	(820,722)
Net Position		\$ 15,502,018

The accompanying notes are an integral and essential part of these financial statements.

Fort Myers Beach Public Library District
Statement of Revenues, Expenditures and Changes in Fund Balance
For the fiscal year ended September 30, 2020

Revenues:	
Ad valorem taxes	\$ 1,239,008
Grants - State aid to libraries	23,330
Fines and fees	1,004
Visitor cards	4,920
Interest	101,660
Copy and fax machine revenue	3,877
Donations and gifts	25,946
Books and magazines reimbursed	181
Rental revenue	3,270
Miscellaneous	2,878
	1,406,074
Total revenues	1,406,074
Expenditures:	
Personal services	551,385
Operating expenditures	
Library operating	11,039
Plant and equipment	226,782
Administrative	52,048
Capital outlay	65,219
	906,473
Total expenditures	906,473
Net change in fund balance	499,601
Fund balance, October 1, 2019	5,191,438
	5,191,438
Fund balance, September 30, 2020	\$ 5,691,039

The accompanying notes are an integral and essential part of these financial statements.

Fort Myers Beach Public Library District
 Reconciliation of the Statement of Revenues, Expenditures and Changes in
 Fund Balance to the Statement of Activities
 For the fiscal year ended September 30, 2020

Net change in fund balance	\$	499,601
<p>The increase in pension expense is reported in the Statement of Activities, but does not require a use of current financial resources and is not reported in the fund financial statements.</p>		
		(83,578)
<p>The increase in compensated absences liability is a reduction of expense in the Statement of Activities, but does not require a use of current financial resources and is not reported in the fund financial statements.</p>		
		(5,207)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In addition, gains and losses on the disposition of fixed assets are recorded on the statement of activities, however, they are not reported on the statement of revenues expenditures and changes in net position. These amounts are as follows:</p>		
Depreciation expense	\$ (325,793)	
Loss on disposal	(73,426)	
Capital outlay expenditure	70,881	(328,338)
<p>Expenditures for various services extending over more than one accounting period are not allocated between or among accounting periods in the governmental funds, but are accounted for as expenditures of the period of acquisition.</p>		
		146
Change in net position	\$	82,624

The accompanying notes are an integral and essential part of these financial statements.

Fort Myers Beach Public Library District
Notes to the Financial Statements
September 30, 2020

NOTE 1 - ORGANIZATION

The Fort Myers Beach Public Library District (the "District") is an independent special taxing district located on Fort Myers Beach, Florida. The District was established in 1955. The District provides library services to the residents located within the District's geographic boundaries and via agreement with Lee County to the residents of Lee County. The District operates out of its facility located at 2755 Estero Blvd.

The District charter was codified by Chapter 2003-328, Florida Statutes. The District is governed by an independently elected six member operating board.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to Governmental Units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the District's more significant accounting principles and policies:

Reporting Entity

The activities of the District are conducted within the general geographic area of Fort Myers Beach, Florida. The District participates in reciprocal borrowing with the Lee County Library System.

1. The District is predominately funded by ad valorem taxes charged to taxpayers within its physical boundaries.
2. The District adopts the millage rate and budget annually.
3. Lee County does not have any obligation to fund deficits or any right to receive surpluses of the District.
4. The management of the District is employed and governed by independently elected officials.
5. Services of the District are available to permanent residents and/or owners of real estate in the Library District, and/or Lee County. Use of the Library is extended to both sexes and people of all ages, races, religions, national origins, social and political views, and disabilities.

The District has developed criteria to determine whether outside agencies should be included within its financial reporting entity. The criteria include, but are not limited to, whether the District (1) selects the governing authority or management, (2) has the ability to significantly influence operations, (3) has accountability for fiscal matters (e.g., final budget approval, responsibility for funding deficits, management of assets, etc.). Using these criteria, the District has not included in its financial statements the activities of any other entity.

Fort Myers Beach Public Library District
Notes to the Financial Statements
September 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation

The government-wide and fund financial statements are combined, with a reconciliation between them.

The Governmental Funds Balance Sheet and Statement of Net Position and Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and Statement of Activities combines information about the reporting government as a whole and funds statements to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions or activities.

Major individual governmental funds are reported as separate columns in the fund financial statements. Following is a description of the fund utilized by the District:

General Fund - The General Fund is the operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Basis of Accounting

The government-wide statements (Statement of Net Position and the Statement of Activities) are prepared using the economic resources measurement focus and the accrual basis of accounting. Fund financial statements (the Governmental Funds Balance Sheet and Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances) are prepared using the current financial measurement focus and are accounted for using the modified accrual basis of accounting. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

Budgets

The District adopts its budgets on a basis consistent with accounting principles generally accepted in the United States of America. An annual appropriated budget is established for the Funds. All annual appropriations lapse at year-end. Estimated beginning cash balances are considered in the budgetary process and are not included in the financial statements as budgeted revenue.

The annual budget serves as the legal authorization for expenditures. Expenditures of the general fund cannot legally exceed the total expenditure amount budgeted for the general fund. The Board, at public meetings, approves all budget amendments, which change the legally adopted total appropriation for the general fund.

Fort Myers Beach Public Library District
Notes to the Financial Statements
September 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Investments

Cash consists of interest bearing cash accounts and certificates of deposit carried at cost, which approximates market, and a petty cash drawer. All District deposits are held in qualified public depositories pursuant to Florida Statutes, Chapter 280. In addition to insurance provided by the Federal Deposit Insurance Corporation (FDIC), demand deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Chapter 280, all qualified public depositories are required to pledge eligible collateral having a fair market value equal or greater than the average daily of monthly balances of all public deposits, times the depository's collateral pledging level.

Any losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral, and if necessary, assessments against other qualified public depositories of the same type as the depository in default. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof. As of September 30, 2020, the District had cash on hand of \$689. The District cash balance is comprised of a checking account with carrying/book balances and bank balances of \$952,183 and \$960,119, respectively. Additionally, the District held seven Certificates of Deposit with a financial institution with carrying/book balances and bank balances of values of \$4,768,441 and \$4,768,441, respectively.

Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are reported in the government-wide financial statements.

Government Wide Statements

In the government-wide financial statements, capital assets are valued at historical cost or estimated historical cost if actual cost is unavailable. Donated assets are recorded at fair value at the date of donation. General infrastructure assets are reported at historical cost as they are acquired.

The cost of normal maintenance and repair that do not add to the value of the asset or materially extend the life of the asset is not capitalized

Depreciation of all exhaustive capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	15 - 40 years
Improvements	15 years
Furniture and Equipment	5 - 20 years

The minimum capitalization threshold is any item with a total cost greater than \$1,000.

Fort Myers Beach Public Library District
Notes to the Financial Statements
September 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets (continued)

Fund Financial Statements

In the fund financial statements, capital assets used in government fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Fund Equity

In the governmental fund financial statements, assignment of fund balance indicates amounts that are limited for a specific purpose and are segregated for an intended specific future use. Fund balance is assigned through Board of Directors meetings or a policy established by the Board of Directors. Designations of fund balance as assigned represent intended management plans. The amount of and timing of funds transferred to CDs that hold assigned fund balance is determined by the Board of Directors during the budget process. Undesignated fund balance indicates funds that are available for current expenditure.

Compensated Absences

It is the District's policy to permit employees to accumulate annual leave, based upon the length of continuous service. Accumulated annual that is expected to be liquidated with expendable available financial resources in the next fiscal year is reported as an expenditure and liability on the fund statements with the long-term portion being reflected on the statements of net position and activities.

Encumbrances

The District does not utilize an encumbrance system in accounting for expenditures.

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District purchases commercial insurance policies on the open market with respect to workman's compensation, general liability, property and vehicle insurance. Settled claims resulting from these risks have historically not exceeded insurance coverage in the past three years and there have been no significant reductions in insurance coverage from the prior year.

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and therefore will not be recognized as expended until then. The District presents deferred outflows associated with pensions to be expensed over future periods.

Deferred inflows of resources is defined as an acquisition of position by the government that is applicable to a future reporting period. The District presents deferred inflows of resources related to pensions.

Fort Myers Beach Public Library District
Notes to the Financial Statements
September 30, 2020

NOTE 3 - CHANGES IN CAPITAL ASSETS

A summary of changes in general fixed assets follows:

	Balances October 1, 2019	Additions	Deletions	Balances September 30, 2020
Capital assets not depreciated:				
Land	\$ 1,273,270	\$ -	\$ -	\$ 1,273,270
Books, audio visual and artwork	1,184,894	70,881	(73,426)	1,182,349
Total capital assets not depreciated	<u>2,458,164</u>	<u>70,881</u>	<u>(73,426)</u>	<u>2,455,619</u>
Capital assets depreciated:				
Furniture, fixtures and equipment	1,275,219	-	-	1,275,219
Improvements	98,294	-	-	98,294
Buildings	10,178,043	-	-	10,178,043
Total capital assets depreciated	<u>11,551,556</u>	<u>-</u>	<u>-</u>	<u>11,551,556</u>
Less: Accumulated depreciation	<u>(3,207,174)</u>	<u>(325,793)</u>	<u>-</u>	<u>(3,532,967)</u>
Capital assets, net	<u>\$ 10,802,546</u>	<u>\$ (254,912)</u>	<u>\$ (73,426)</u>	<u>\$ 10,474,208</u>

The District received \$5,662 in donations of books and audio visual.

NOTE 4 - LONG TERM LIABILITIES

A summary of the changes in long term liabilities of the District for the year ended September 30, 2020 is as follows:

	Balance October 1, 2019	Additions	Reductions	Balance September 30, 2020	Amounts Due Within One Year
Compensated Absences	\$ 47,518	\$ 24,949	\$ (19,742)	\$ 52,725	\$ 545
Net Pension Liability- Pension Plan	605,562	200,265	(188,553)	617,274	-
Net Pension Liability- HIS Plan	<u>163,192</u>	<u>21,260</u>	<u>(33,729)</u>	<u>150,723</u>	<u>-</u>
Total Long Term Liabilities	<u>\$ 816,272</u>	<u>\$ 246,474</u>	<u>\$ (242,024)</u>	<u>\$ 820,722</u>	<u>\$ 545</u>

Fort Myers Beach Public Library District
Notes to the Financial Statements
September 30, 2020

NOTE 5 - STATE OF FLORIDA RETIREMENT PLANS

Defined Benefit Plans

The District participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

The Florida Retirement System (FRS) Pension Plan is a cost-sharing multiple-employer defined benefit pension plan with a Deferred Retirement Option Program ("DROP") available for eligible employees. The FRS was established with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under a state-administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided

Benefits under the FRS Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes.

Fort Myers Beach Public Library District
Notes to the Financial Statements
September 30, 2020

NOTE 5 - STATE OF FLORIDA RETIREMENT PLANS

Contributions

The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS Pension Plan. The employer's contribution rates as of September 30, 2020, were as follows:

	<u>FRS</u>	<u>HIS</u>
Regular class	10.00%	1.66%
Special risk class	24.45%	1.66%
Senior management service class	27.29%	1.66%
Elected officials	49.18%	1.66%
DROP from FRS	16.98%	1.66%

The employer's contributions for the year ended September 30, 2020, were \$44,436 to the FRS Pension Plan and \$7,150 to this HIS Program.

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2020, the District reported a liability for its proportionate share of the net pension liability of the FRS Pension Plan and its proportionate share of the net pension liability of the HIS Program. The net pension liabilities were measured as of June 30, 2020. The District's proportions of the net pension liabilities were based on its share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	<u>FRS</u>	<u>HIS</u>
Net pension liability	\$ 617,274	\$ 150,723
Proportion at:		
Current measurement date	0.001424%	0.001234%
Prior measurement date	0.001758%	0.001459%
Pension expense (benefit)	\$ 78,900	\$ 4,678

Fort Myers Beach Public Library District
Notes to the Financial Statements
September 30, 2020

NOTE 5 - STATE OF FLORIDA RETIREMENT PLANS

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 23,624	\$ -	\$ 6,165	\$ (116)
Change of assumptions	111,746	-	16,207	(8,764)
Net difference between projected and actual earnings on pension plan investments	36,753	-	120	-
Changes in proportion and differences between District contributions and proportionate share of contributions	44,103	(76,521)	19,587	(26,789)
District contributions subsequent to the measurement date	14,644	-	1,952	-
	<u>\$ 230,870</u>	<u>\$ (76,521)</u>	<u>\$ 44,031</u>	<u>\$ (35,669)</u>

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date, and prior to the employer's fiscal year-end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2021. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal year ending September 30:	FRS	HIS
2021	\$ 29,339	\$ 2,351
2022	48,760	1,739
2023	41,920	37
2024	22,888	2,297
2025	(3,202)	1,486
Thereafter	-	(1,500)
	<u>\$ 139,705</u>	<u>\$ 6,410</u>

Fort Myers Beach Public Library District
Notes to the Financial Statements
September 30, 2020

NOTE 5 - STATE OF FLORIDA RETIREMENT PLANS

Actuarial Assumptions

The total pension liability for each of the defined benefit plans was measured as of June 30, 2020. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2020. The individual entry age normal actuarial cost method was used for each plan, along with the following significant actuarial assumptions:

	<u>FRS</u>	<u>HIS</u>
Inflation	2.40%	2.40%
Salary increases	3.25%	3.25%
Investment rate of return	6.80%	N/A
Discount rate	6.80%	2.21%

Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB.

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

The following changes in key actuarial assumptions occurred in 2020:

FRS: The long-term expected rate of return and the discount rate used to determine the total pension liability decreased from 6.90% to 6.80%.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 3.50% to 2.21%.

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

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	2.2%	2.2%	1.2%
Fixed income	19.0%	3.0%	2.9%	3.5%
Global equity	54.2%	8.0%	6.7%	17.1%
Real estate (property)	10.3%	6.4%	5.8%	11.7%
Private equity	11.1%	10.8%	8.1%	25.7%
Strategic investments	4.4%	5.5%	5.3%	6.9%
Total	<u>100.0%</u>			
Assumed Inflation - Mean			2.4%	1.7%

Fort Myers Beach Public Library District
Notes to the Financial Statements
September 30, 2020

NOTE 5 - STATE OF FLORIDA RETIREMENT PLANS

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.80%. FRS's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 2.21% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Sensitivity Analysis

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

	FRS		
	1% Decrease	Discount Rate	1% Increase
	(5.80%)	(6.80%)	(7.80%)
District's proportionate share of the net pension liability	\$ 985,683	\$ 617,274	\$ 386,562

	HIS		
	1% Decrease	Discount Rate	1% Increase
	(1.21%)	(2.21%)	(3.21%)
District's proportionate share of the net pension liability	\$ 174,229	\$ 150,723	\$ 130,388

Pension Plans' Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position is available in the state's separately issued financial reports.

Defined Contribution Plan

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan ("FRS Investment Plan"), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. FRS Investment Plan contributions for the fiscal year ended September 30, 2020 totaled \$7,877.

Fort Myers Beach Public Library District
Notes to the Financial Statements
September 30, 2020

NOTE 6 - COMMITMENTS AND CONTINGENCIES

The Board purchases liability and casualty insurance coverage from commercial carriers with coverages and deductibles in amounts the Board believes are adequate.

NOTE 7 - IMPLEMENTATION OF GASB STATEMENT NO. 75

The Governmental Accounting Standards Board has issued Statement No. 75, "Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions (OPEB)." This Statement changes the manner in which a governmental entity funds and records its post-retirement benefit costs other than pensions.

The District provides insurance (medical, dental and prescription drug) benefits to its current full-time ALA accredited employees and offers all vested (vested is defined by the District's retirement plan) former employees the option of receiving these same benefits provided they pay 100% of the premium. Therefore, the District's only OPEB liability is for the implicit rate subsidy offered to the retiree. An implicit rate subsidy is the difference between a premium rate charged to retirees for a particular benefit and the estimated rate that would be applicable to those retirees if that benefit was acquired for them as a separate group. As of September 30, 2020, there were no retirees receiving these benefits and only four active participants in the insurance benefit plan.

The District has decided to finance these benefits on a pay-as-you-go basis and recognize expenses in the year the premium is due. The District believes the implicit OPEB liability is immaterial, as such; there is no actuarially determined net OPEB obligation at September 30, 2020.

Required Supplementary
Information

Fort Myers Beach Public Library District
Statement of Revenues, Expenses and Changes in Fund Balance
Budget and Actual - General Fund - Non-GAAP
For the Fiscal Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Ad valorem taxes	\$ 1,274,975	\$ 1,274,975	\$ 1,239,008	\$ (35,967)
Grants - State aid to libraries	30,000	30,000	23,330	(6,670)
Fines and fees	1,400	1,400	1,004	(396)
Visitor cards	6,000	6,000	4,920	(1,080)
Interest	40,000	40,000	101,660	61,660
Copy/Fax machine revenue	5,000	5,000	3,877	(1,123)
Donations and gifts	25,000	25,000	25,946	946
Books and magazines reimbursed	600	600	181	(419)
Rental revenue	3,000	3,000	3,270	270
Miscellaneous	3,000	3,000	2,878	(122)
Total Revenues	<u>1,388,975</u>	<u>1,388,975</u>	<u>1,406,074</u>	<u>17,099</u>
Expenditures				
Personal Services				
Salaries and wages	530,000	530,000	430,727	99,273
Accumulated benefits	4,500	4,500	528	3,972
Payroll taxes	41,000	41,000	32,360	8,640
Retirement	65,000	65,000	63,954	1,046
Medical insurance	35,000	35,000	23,816	11,184
Total Personal Services	<u>675,500</u>	<u>675,500</u>	<u>551,385</u>	<u>124,115</u>
Operating Expenditures				
Library Expenditures				
Operating supplies	8,400	8,400	3,461	4,939
Membership and training	2,500	2,500	494	2,006
Travel and per diem	3,000	3,000	-	3,000
Promotions and advertising	12,500	12,500	2,848	9,652
Legal advertising	1,500	1,500	845	655
Total Library Expenditures	<u>27,900</u>	<u>27,900</u>	<u>7,648</u>	<u>20,252</u>
Plant & Equipment				
Contractual services	30,000	30,000	16,495	13,505
Utilities	40,000	40,000	40,017	(17)
Insurance	65,000	65,000	63,498	1,502
Repair & maintenance services	60,000	60,000	74,963	(14,963)
Repair & maintenance expense	15,000	15,000	7,803	7,197
Professional data costs - state aid	10,000	10,000	-	10,000
Professional data costs	25,000	25,000	24,006	994
Total Plant & Equipment	<u>245,000</u>	<u>245,000</u>	<u>226,782</u>	<u>18,218</u>

Fort Myers Beach Public Library District
Statement of Revenues, Expenses and Changes in Fund Balance
Budget and Actual - General Fund - Non-GAAP
For the Fiscal Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final</u>
	<u>Original</u>	<u>Final</u>		
Expenditures-continued				
Operating Expenditures-continued				
Administrative Expenditures				
Telephone	4,000	4,000	3,814	186
Internet access	10,000	10,000	6,144	3,856
Freight	750	750	432	318
Professional services	11,500	11,500	1,123	10,377
Bank fees/charges	100	100	-	100
Special district fee	225	225	175	50
Lee Co. Property Appraiser fee	9,500	9,500	8,550	950
Lee Co. Tax Collector fee	25,000	25,000	14,983	10,017
Accounting services	8,900	8,900	8,650	250
Office supplies	2,500	2,500	2,067	433
Computer	3,000	3,000	239	2,761
Copier/Fax	700	700	1,271	(571)
Equipment - other	5,000	5,000	3,874	1,126
Miscellaneous	2,000	2,000	726	1,274
Total Administrative Expenditures	<u>83,175</u>	<u>83,175</u>	<u>52,048</u>	<u>31,127</u>
Total Operating Expenditures	<u>356,075</u>	<u>356,075</u>	<u>286,478</u>	<u>69,597</u>
Capital Outlay				
Building improvements	3,000	3,000	-	3,000
Improvements other than buildings	2,000	2,000	-	2,000
Furniture and equipment	9,000	9,000	-	9,000
Book purchases	42,000	42,000	34,030	7,970
Book purchases - state aid	10,000	10,000	10,051	(51)
Audio/video purchases	10,000	10,000	7,474	2,526
Audio/video - state aid	10,000	10,000	13,664	(3,664)
Periodical subscriptions	4,000	4,000	3,322	678
Computer software	1,000	1,000	69	931
Sign	500	500	-	500
Total Capital Outlay	<u>91,500</u>	<u>91,500</u>	<u>68,610</u>	<u>22,890</u>
Total Expenditures	<u>1,123,075</u>	<u>1,123,075</u>	<u>906,473</u>	<u>216,602</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 265,900</u>	<u>\$ 265,900</u>	499,601	<u>\$ 233,701</u>

Fort Myers Beach Public Library District
Statement of Revenues, Expenses and Changes in Fund Balance
Budget and Actual - General Fund - Non-GAAP
For the Fiscal Year Ended September 30, 2020

	Budgeted Amounts		Actual	Variance with Final
	Original	Final		
GAAP Reconciliation				
Less capital outlay			(3,391)	
Library Expenditures				
Operating supplies			3,391	
Excess of Revenues Over (Under) Expenditures			499,601	
Fund Balance, October 1, 2019			5,191,438	
Fund Balance, September 30, 2020			\$ 5,691,039	

Fort Myers Beach Public Library District
Schedule of District Contributions
For the Fiscal Year Ended September 30, 2020

Last Seven Fiscal Years

Florida Retirement System (FRS)

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 44,436	\$ 48,939	\$ 43,045	\$ 36,616	\$ 39,215	\$ 36,204	\$ 34,164
Contributions in relation to contractually require contribution	(44,436)	(48,939)	(43,045)	(36,616)	(39,215)	(36,204)	(34,164)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 329,671	\$ 399,607	\$ 391,353	\$ 340,967	\$ 364,694	\$ 350,843	\$ 351,386
Contributions as a percentage of covered-employee payroll	13.48%	12.25%	11.00%	10.74%	10.75%	10.32%	9.72%

Note: Data was unavailable prior to 2014.

Health Insurance Subsidy Program (HIS)

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 7,150	\$ 8,119	\$ 7,707	\$ 6,189	\$ 6,453	\$ 5,260	\$ 4,863
Contributions in relation to contractually require contribution	(7,150)	(8,119)	(7,707)	(6,189)	(6,453)	(5,260)	(4,863)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 430,727	\$ 489,102	\$ 464,258	\$ 372,821	\$ 388,754	\$ 389,987	\$ 390,590
Contributions as a percentage of covered-employee payroll	1.66%	1.66%	1.66%	1.66%	1.66%	1.35%	1.25%

Note: Data was unavailable prior to 2014.

Fort Myers Beach Public Library District
Schedule of the District's Proportionate Share of the Net Pension Liability - Pension Plan
For the Fiscal Year Ended September 30, 2020

For the Last Seven Fiscal Years Ended June 30

Florida Retirement System (FRS)

	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.001424%	0.001758%	0.001488%	0.001422%	0.001522%	0.001521%	0.001475%
District's proportionate share of the net pension liability	\$ 617,274	\$ 605,562	\$ 448,262	\$ 420,620	\$ 384,201	\$ 196,425	\$ 89,999
District's covered-employee payroll	\$ 333,153	\$ 403,357	\$ 369,564	\$ 342,738	\$ 370,148	\$ 361,694	\$ 368,487
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	185.28%	150.13%	121.29%	122.72%	103.80%	54.31%	24.42%
Plan fiduciary net position as a percentage of the total pension liability	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

Note: Data was unavailable prior to 2014.

Health Insurance Subsidy Program (HIS)

	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.00123%	0.00146%	0.00132%	0.00117%	0.00128%	0.00129%	0.00135%
District's proportionate share of the net pension liability	\$ 150,723	\$ 163,192	\$ 140,013	\$ 124,778	\$ 148,840	\$ 132,061	\$ 126,400
District's covered-employee payroll	\$ 428,434	\$ 487,834	\$ 432,067	\$ 371,965	\$ 394,245	\$ 393,937	\$ 401,036
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	35.18%	33.45%	32.41%	33.55%	37.75%	33.52%	31.52%
Plan fiduciary net position as a percentage of the total pension liability	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

Note: Data was unavailable prior to 2014.

**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***

Board of Directors
Fort Myers Beach Public Library District
Fort Myers Beach, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities of Fort Myers Beach Public Library District, (the "District") as of and for the fiscal year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 23, 2021 for the purpose of compliance with Section 218.39(2), Florida Statutes, and Chapter 10.550, Rules of the Auditor General – Local Governmental Entity Audits

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Internal Control Over Financial Reporting (continued)

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ashley, Brown & Smith, CPAs

Punta Gorda, Florida
June 23, 2021

MANAGEMENT LETTER

To the Honorable Board of Directors
Fort Myers Beach Public Library District
Fort Myers Beach, Florida

Report on the Financial Statements

We have audited the financial statements of the Fort Myers Beach Public Library District, Florida, (the "District") as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated June 23, 2021.

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 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 23, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The District discloses this information in the notes to the financial statements. The District had no component units as of September 30, 2020.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and communicate the results of our determination as to whether or not the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the District. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we had one recommendation to improve financial management as detailed in the accompanying schedule of current year findings at finding 2020-001.

Special District Component Units

Section 10.554(1)(i)5.d., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 219.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 219.39(3)(b), Florida Statutes.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate 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 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.

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, Federal and other granting agencies, the Board of Directors of the District and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Ashley, Brown & Smith, CPAs

Punta Gorda, Florida
June 23, 2021

Fort Myers Beach Public Library District
Schedule of Current Year Findings
For the Year Ended September 30, 2020

Finding 2020-001 - Correction of Error (Management Letter Comment)

Criteria: To ensure that financial statements properly present the financial position and results of operations of the District in accordance with generally accepted accounting principles (GAAP), in addition to providing meaningful financial reports to District board members and management, the District should ensure that all material cash balances and revenues are properly reflected at year-end. Additionally, reconciliations should be reviewed by management to ensure proper preparation of reconciliations.

Condition: During testing of the District's balance sheet, we noted the need to decrease cash and decrease revenues as of September 30, 2020. We recommend that the District implement a review process on entries made at months end to better identify potential errors that may exist prior to distribution to the Board.

Cause: Managerial oversight caused these accounts to be misstated.

Effect: Audit adjustments were required to be posted within the District's General Fund for the fair presentation of the financial statements.

Recommendation: We recommend the District evaluate its period closing process to ensure subsidiary ledger reconciliations are being performed timely, properly, and are being reviewed by management.

Management's Response: Refer to Management's Response to the Management Letter on page 36.

Independent Accountant's Examination Report

Board of Directors
Fort Myers Beach Public Library District
Fort Myers Beach, Florida

We have examined the Fort Myers Beach Public Library District's (the "District") compliance with the local government investment policy requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2020. Management is responsible for the District's compliance with the specified requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the District's compliance with the specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2020.

The purpose of this report is to comply with the audit requirements of Sections 218.415, Florida Statutes and Rules of the Auditor General.

Ashley, Brown & Smith, CPAs

Punta Gorda, Florida
June 23, 2021

Fort Myers Beach Public Library



2755 Estero Blvd, Fort Myers Beach, FL 33931 239 765-8162 www.fmb.lib.fl.us

In response to the Management Letter, Fort Myers Beach Public Library District issues the following response:

Management Response to Finding 2020-001 – Correction of Error

The District concurs with the recommendation made by the auditor. The District will implement procedures to ensure period closing reconciliations are being performing timely, properly and reviewed by management.

A handwritten signature in red ink that reads "Cletus Poser".

Cletus Poser
Director