

**SANIBEL PUBLIC LIBRARY DISTRICT
FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2020**



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**SANIBEL PUBLIC LIBRARY DISTRICT
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YEAR ENDED SEPTEMBER 30, 2020**

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Sanibel Public Library District
Sanibel, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the general fund of the Sanibel Public Library District (District) as of and for the 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.

Auditors' 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 auditors' 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 opinions.

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2020, 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. The purpose of that report is solely 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 effectiveness of the District's 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.



CliftonLarsonAllen LLP

Fort Myers, Florida
December 29, 2020

**SANIBEL PUBLIC LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2020**

The discussion and analysis of the Sanibel Public Library District (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, the general fund financial statements, and notes. The information presented in this MD&A should be considered in conjunction with the accompanying financial statements.

District Highlights

- The District is an independent special district which operates under Chapter 2005-336 Florida Statutes and is governed by an elected seven-member Board of Commissioners (Board). The Commissioners are elected for a four-year term (except for the first term where four members were elected for two years to allow for staggering the terms of the members).
- As of September 30, 2020, the District had twelve full-time employees, six part-time employees, one intern and one independent contractor, as well as enlisting more than fifty volunteers.
- At close of fiscal year 2020, the District's assets exceeded its liabilities, resulting in net position of \$11,879,462.
- The unrestricted net position of \$2,235,637 can be used to meet ongoing obligations of the District and fund projects designated by the Board.

Government-wide Financial Statements

Government-wide financial statements (statement of net position and statement of activities found on pages 7 and 8) 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 operation 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 7) 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 (land, building, and equipment) are included in this statement and reported net of their accumulated depreciation, when applicable.

The statement of activities (page 8) 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 expenses recognized when a liability is incurred).

Fund Financial Statements

The accounts of the District are organized on the basis of governmental funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District currently has only one fund, the general fund.

**SANIBEL PUBLIC LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2020**

Fund financial statements (found on pages 9 and 11) 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 the user could determine if the District is in better or worse financial condition from the prior year.

The following is a condensed summary of net position for the primary government as of September 30:

	<u>2020</u>	<u>2019</u>
ASSETS		
Current and Other Assets	\$ 2,478,830	\$ 2,048,017
Capital Assets (Net)	9,643,825	9,857,276
Total Assets	<u>12,122,655</u>	<u>11,905,293</u>
LIABILITIES		
Current Liabilities	239,257	200,549
Noncurrent Liabilities	3,936	23,745
Total Liabilities	<u>243,193</u>	<u>224,294</u>
NET POSITION		
Investment in Capital Assets	9,643,825	9,857,276
Unrestricted	2,235,637	1,823,723
Total Net Position	<u>\$ 11,879,462</u>	<u>\$ 11,680,999</u>

Current and other assets represent 20% of total assets. Current assets include unrestricted cash and investments of \$2,399,252.

The investment in capital assets is comprised of the building, equipment, and lending collections net of accumulated depreciation.

**SANIBEL PUBLIC LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2020**

The following schedule reports the revenues and expenses of the District for fiscal years ended September 30:

	<u>2020</u>	<u>2019</u>
REVENUES		
General Revenues:		
Property Taxes	\$ 2,171,411	\$ 2,141,669
Interest	12,048	49,803
Total General Revenues	<u>2,183,459</u>	<u>2,191,472</u>
Program Revenues:		
Operating Grants	37,469	48,336
Contributions	107,527	137,130
Charges for Services	17,302	20,026
Fines and Fees	3,517	6,261
Total Program Revenues	<u>165,815</u>	<u>211,753</u>
Total Revenues	2,349,274	2,403,225
EXPENSES		
Personal services	1,209,666	1,172,087
Operating	530,216	734,446
Depreciation	410,929	224,338
Loss on Disposal of Capital Assets	-	1,540
Total Expenses	<u>2,150,811</u>	<u>2,132,411</u>
Increase in Net Position	<u>\$ 198,463</u>	<u>\$ 270,814</u>

Total general revenues increased over prior year due to an increase in real estate values compared to the prior fiscal year. The millage rate of 0.4350 mills remained consistent from 2018-19 to 2019-20.

Program revenues decreased due to a decrease in contributions received from the Foundation for the 2019-20 fiscal year.

Personal services have increased as a result of normal salary increases for the period and two part-time staff positions which were converted to full-time positions during the year.

The District saw a decrease in operating expenses during 2019-20 of \$204,230 which was primarily due to temporary changes in operations in response to the Covid-19 pandemic. The Library was closed to public visitors for a four-month period from April 10, 2020 to August 17, 2020. During the closure period, the Library had only limited offerings including digital and online collections and curbside pickup, which reduced operating costs and seasonal labor. An overall comparison of fiscal years 2018-19 and 2019-20 shows normal increases in personal services expenses in addition to an increase in depreciation of \$186,591 due to capital additions placed in service in the prior year as part of the District's Reimagine renovation project.

Budgetary Highlights

The District adopts an annual budget for its funds as required by Florida Statute. There were budget amendments during the fiscal year. See page 13 for more information.

**SANIBEL PUBLIC LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2020**

Debt Administration

As of September 30, 2020, the District had no outstanding debt, other than amounts outstanding for compensated absences. See Note 4 for more information.

Capital Assets

Nondepreciable capital assets include land and improvements, and art and shell collections. Depreciable assets include buildings, equipment, and the lending collection. The following is a schedule of the District's capital assets as of September 30, 2020:

CAPITAL ASSETS

Land and Items not being Depreciated		\$ 584,244
Capital Assets being Depreciated:		
Building and Improvements	\$ 9,747,797	
Equipment	624,439	
Lending Collection	<u>1,815,752</u>	
Total Capital Assets being Depreciated		12,187,988

ACCUMULATED DEPRECIATION

Buildings and Improvements	(1,922,058)	
Equipment	(124,940)	
Lending Collection	<u>(1,081,409)</u>	
Total Accumulated Depreciation		<u>(3,128,407)</u>
Total Capital Assets being Depreciated, Net		<u>9,059,581</u>
Total Capital Assets, Net		<u><u>\$ 9,643,825</u></u>

Economic Factors and Next Year's Budget Rates

The factors taken into consideration when preparing the budget for fiscal year 2019-20 were:

- The Board approved the millage rate for fiscal year 2019-20 in the amount of .4350 mills, which is the same rate as 2018-19.

Request for Information

The financial report is designed to provide the reader an overview of the Sanibel Public Library District. Questions regarding any information provided in this report should be directed to: Sanibel Public Library, 770 Dunlop Road, Sanibel, Florida 33957, or by calling 239-472-2483.

**SANIBEL PUBLIC LIBRARY DISTRICT
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020**

ASSETS

Cash	\$ 648,731
Investments	1,750,521
Taxes Receivable	17,308
Other Receivables	1,420
Prepaid Items	60,850
Capital Assets, Net	<u>2,211,718</u>
Total Assets	<u>4,690,548</u>

LIABILITIES

Accounts Payable	29,530
Accrued Expenses	50,070
Retirement Contribution Payable	124,652
Compensated Absences:	
Expected to be Paid in One Year	35,005
Expected to be Paid After One Year	<u>3,936</u>
Total Liabilities	<u>243,193</u>

NET POSITION

Investment in Capital Assets	2,211,718
Unrestricted	<u>2,235,637</u>
Total Net Position	<u><u>\$ 4,447,355</u></u>

See accompanying Notes to Financial Statements.

**SANIBEL PUBLIC LIBRARY DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2020**

EXPENSES

Culture/Recreation - Library:

Personal Service	\$ 1,209,666
Operating	530,216
Depreciation	410,929
Total Program Expenses	2,150,811

PROGRAM REVENUES

Operating Grants	37,469
Contributions	107,527
Charges for Services	17,302
Fines and Fees	3,517
Total Program Revenues	165,815

NET PROGRAM EXPENSES

(1,984,996)

GENERAL REVENUES

Property Taxes	2,171,411
Investment Earnings	12,048
Total General Revenues	2,183,459

INCREASE IN NET POSITION

198,463

Net Position - Beginning of Year

11,680,999

NET POSITION - END OF YEAR

\$ 11,879,462

**SANIBEL PUBLIC LIBRARY DISTRICT
BALANCE SHEET – GENERAL FUND
SEPTEMBER 30, 2020**

ASSETS

Cash	\$	648,731
Investments		1,750,521
Taxes Receivable		17,308
Other Receivables		1,420
Prepaid Items		<u>60,850</u>
Total Assets	\$	<u><u>2,478,830</u></u>

LIABILITIES AND FUND BALANCES

LIABILITIES

Accounts Payable	\$	29,530
Accrued Expenses		50,070
Retirement Contribution Payable		<u>124,652</u>
Total Liabilities		204,252

FUND BALANCES

Nonspendable:		
Prepaid Items		60,850
Committed to:		
Emergencies		620,000
Self Insurance - Flood		500,000
Insurance – Deductibles		400,000
Insurance – Unemployment		50,000
Technology		10,000
Unassigned		<u>633,728</u>
Total Fund Balances		<u><u>2,274,578</u></u>

Total Liabilities and Fund Balances	\$	<u><u>2,478,830</u></u>
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**SANIBEL PUBLIC LIBRARY DISTRICT
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2020**

Fund Balance - General Fund	\$ 2,274,578
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are, therefore, not reported on the general fund balance sheet.	2,211,718
Compensated absences are not due and payable in the current period and, therefore, are not reported as a liability on the general fund balance sheet.	<u>(38,941)</u>
Net Position - Governmental Activities	<u>\$ 4,447,355</u>

See accompanying Notes to Financial Statements.

**SANIBEL PUBLIC LIBRARY DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2020**

REVENUES

Ad Valorem Taxes	\$ 2,171,411
Contributions	107,527
Intergovernmental	37,469
Charges for Services	17,302
Fines and Fees	3,517
Interest	12,048
Total Revenues	2,349,274

EXPENDITURES

Current:	
Operating Expenditures:	
Personal Service	1,194,470
Operating Expenditures	530,216
Capital Outlay	197,478
Total Expenditures	1,922,164

EXCESS REVENUE OVER EXPENDITURES

427,110

Fund Balance - October 1, 2019

1,847,468

FUND BALANCE - SEPTEMBER 30, 2020

\$ 2,274,578

**SANIBEL PUBLIC LIBRARY DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2020**

Net Change in Fund Balance - General Fund \$ 427,110

Amounts reported for governmental activities in the statement of activities are different because:

The general fund reports 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. Transactions involving capital assets are summarized below:

Capital Outlay	\$	197,478	
Depreciation		(410,929)	
			(213,451)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the general fund. This represents the change in compensated absences.

(15,196)

Change in Net Position - Governmental Activities

\$ 198,463

**SANIBEL PUBLIC LIBRARY DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Ad Valorem Taxes	\$ 2,152,800	\$ 2,152,800	\$ 2,171,411	\$ 18,611
Contributions	106,250	106,250	107,527	1,277
Intergovernmental	72,600	72,600	37,469	(35,131)
Charges for Services	22,100	22,100	17,302	(4,798)
Fines and Fees	6,000	6,000	3,517	(2,483)
Interest	15,000	15,000	12,048	(2,952)
Total Revenues	<u>2,374,750</u>	<u>2,374,750</u>	<u>2,349,274</u>	<u>(25,476)</u>
EXPENDITURES				
Current:				
Culture/Recreation - Library:				
Personal Services:				
Personal Service	944,771	944,771	929,665	15,106
Personal Services Benefits	274,570	274,570	264,805	9,765
Operating Expenditures:				
Travel	14,400	14,400	1,107	13,293
Utilities	81,850	81,850	90,513	(8,663)
Insurance	107,000	107,000	107,639	(639)
Promotional Activities	11,500	11,500	8,154	3,346
Printing	8,800	8,800	5,754	3,046
Professional Services	59,700	59,700	49,248	10,452
Repairs and Maintenance	124,992	124,992	90,812	34,180
Office Supplies	25,400	25,400	18,746	6,654
Other Operating Expenditures	184,200	184,200	158,243	25,957
Capital Outlay	218,600	218,600	197,478	21,122
Contingency	110,000	110,000	-	110,000
Total Expenditures	<u>2,165,783</u>	<u>2,165,783</u>	<u>1,922,164</u>	<u>243,619</u>
EXCESS REVENUES OVER EXPENDITURES	208,967	208,967	427,110	218,143
Fund Balance - October 1, 2019	<u>1,847,468</u>	<u>1,847,468</u>	<u>1,847,468</u>	<u>-</u>
FUND BALANCE - SEPTEMBER 30, 2020	<u><u>\$ 2,056,435</u></u>	<u><u>\$ 2,056,435</u></u>	<u><u>\$ 2,274,578</u></u>	<u><u>\$ 218,143</u></u>

See accompanying Notes to Financial Statements.

**SANIBEL PUBLIC LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Defining the Governmental Reporting Entity

The Sanibel Public Library District (District) is an independent special district created to provide public library services within the boundaries of the City of Sanibel. The District was created pursuant to Chapter 2005-336, Laws of Florida. The District's first Board of Commissioners (Board) was elected on March 7, 2006. The Board's first official meeting was on March 17, 2006. Operations of the District effectively commenced on April 1, 2006.

The business and affairs of the District are governed by a board of seven commissioners, who serve on a staggered four-year term basis.

The Financial Reporting Entity Standard requires the financial statements of the District (the primary government) to include its component units, if any. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. There are no component units required to be included in the District's financial statements.

Basic Financial Statements

The government-wide financial statements consist of a statement of net position and a statement of activities that report information about the District as a whole. The statement of net position reports all financial and capital resources.

The statement of activities demonstrates the degree to which the direct expenses of the District's program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include: 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given program, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements are presented to report additional and detailed information about the District. Fund financial statements accompany the government-wide financial statements and present a summary reconciliation to explain differences between the data reported in the general fund and the data reported for the corresponding governmental activities in the government-wide financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

**SANIBEL PUBLIC LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments are recorded only when such liabilities have matured.

Ad valorem property taxes are recorded as revenues in the fiscal year in which the taxes are due and collected within 60 days of fiscal year-end. Intergovernmental revenues are recognized at the time of receipt. Investment earnings are recognized when earned. All other revenue items are recognized when cash is received by the District, as any potential receivable amounts are not significant.

Fund Accounting

The accounts of the District are organized on the basis of a fund which is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue, and expenditures, as appropriate. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following governmental fund is used by the District and is reported as major in the financial statements:

General Fund – The General Fund is the general operating fund of the District. All financial resources, which are not specifically restricted or designated as to use, are recorded in the General Fund.

Investments

The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1* – Quoted prices in active markets for identical assets;
- Level 2* – Significant other observable inputs;
- Level 3* – Significant unobservable inputs.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The District utilizes the consumption method of accounting for prepaid expenses, which provides that the expenditures are initially reported as assets and the recognition of the expenditures are deferred until consumed.

**SANIBEL PUBLIC LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets, which include property, plant, and equipment, are reported only in the government-wide financial statements. Capital assets are those acquired for general government purposes with an initial, individual cost equal to or more than \$1,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost if purchased or constructed. Donated assets are recorded at their estimated acquisition value at the date of the donation. The estimated fair value is based on the most recent appraisal documentation available. The cost of all lending collection assets is recorded at date of purchase. Maintenance, repairs, and minor renovations are not capitalized.

Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings	39
Land and Building Improvements	10
Furniture and Equipment	5 to 10

The lending collection is depreciated 10% of remaining balance per year for books and 20% for all other lending materials.

Capital assets not being depreciated consist of land, work in process, art, and shell collections.

Budgets and Budgetary Accounting

Per Florida state statutes, the following procedures are followed by the District in establishing its budget:

1. During the summer, the executive director submits to the Board for their consideration a proposed operating budget for the fiscal year commencing on October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is adopted through a resolution by the Board.
4. Budget transfers and amendments can be made throughout the year by approval of the Board.
5. The budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America.
6. The level of control for appropriations is exercised at the fund level.

Compensated Absences

The District's employees accumulate sick and annual vacation leave based on years of continuous service. Upon termination of employment, employees can receive payment for accumulated vacation leave only if they meet certain criteria.

**SANIBEL PUBLIC LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Continued)

The amount of compensated absences recorded as expenditures in the General Fund is the amount accrued during the year that would normally be liquidated with expendable available financial resources. Only compensated absences due and payable at September 30, 2020, are recorded on the balance sheet of the General Fund. Both the current and noncurrent portion of compensated absences are reported in the statement of net position.

Fund Balance

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balance is reported in five components: nonspendable, restricted, committed, assigned, and unassigned.

Nonspendable Fund Balance – Amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. “Not in spendable form” includes items that are not expected to be converted to cash (such as inventories and prepaid amounts) and items such as long-term amount of loans and notes receivable, as well as property acquired for resale. The corpus (or principal) of a permanent fund is an example of an amount that is legally or contractually required to be maintained intact.

Restricted Fund Balance – Amounts that can be spent only for specific purposes stipulated by (a) external resource providers such as creditors (by debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the District’s Board, the District’s highest level of decision-making authority. Commitments may be changed or lifted only by the Board taking the same formal action (resolution) that imposed the constraint originally. Resources accumulated pursuant to stabilization arrangements sometimes are reported in this category.

Assigned Fund Balance – Includes spendable fund balance amounts established by the library director that are intended to be used for specific purposes that are neither considered restricted or committed.

Unassigned Fund Balance – Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned to specific purposes within the General Fund. Unassigned fund balance may also include negative balances for the General Fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

**SANIBEL PUBLIC LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

The District expends restricted amounts first when both restricted and unrestricted fund balances are available unless there are legal documents that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District would first use committed fund balance, followed by assigned fund balance, and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Minimum Fund Balance Policy

The District's policy is to maintain an adequate General Fund unassigned fund balance to provide liquidity to meet seasonal shortfalls in cash flow, and reduce susceptibility to emergency or unanticipated expenditures and/or revenue shortfalls. The District adopted a financial standard to maintain a General Fund minimum unassigned fund balance of approximately four months' worth of operating expenses.

NOTE 2 CASH AND INVESTMENTS

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. In accordance with its policy, all District depositories are banks designated by the Florida State Treasurer as qualified public depositories. Chapter 280 of the Florida Statutes, "Florida Security for Public Deposits Act," provides procedures for public depositories to ensure public monies in banks and saving and loans are collateralized with the Treasurer as agent for the public entities. Chapter 280 defines deposits as demand deposit accounts, time deposit accounts, and nonnegotiable certificates of deposit.

Financial institutions qualifying as public depositories shall deposit with the Treasurer eligible collateral having a market value equal to or in excess of the average daily balance of public deposits times the depository collateral pledging level required, pursuant to Chapter 280, as computed and reported monthly, or 125% of the average monthly balance, whichever is greater. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof and, therefore, the District is not exposed to custodial credit risk.

Investments

The District's policy for investments is to follow Florida Statutes, Section 218.415(16). The District's investments consist of the following at September 30, 2020:

<u>Investment Type</u>	<u>Fair Value</u>
Certificates of Deposit	\$ 1,750,521

Certificates of deposit are reported at amortized cost.

**SANIBEL PUBLIC LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

Custodian credit risk for investments is the risk that, in the event of failure of the counterparty (e.g., broker dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District's investments in U.S. Treasury Notes are held by the counterparty in the District's name.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020 is as follows:

	Balance October 1, 2019	Increases	Decreases	Balance September 30, 2020
<i>Capital Assets not being Depreciated:</i>				
Land	\$ 504,455	\$ 7,500	\$ -	\$ 511,955
Art and Shell Collections	72,289	-	-	72,289
Total Capital Assets not being Depreciated	576,744	7,500	-	584,244
<i>Capital Assets being Depreciated:</i>				
Buildings and Improvements	9,671,010	-	-	9,671,010
Land Improvements	76,787	-	-	76,787
Furniture and Equipment	690,332	32,274	(98,166)	624,440
Lending Collections	1,658,050	157,704	-	1,815,754
Total Capital Assets being Depreciated	\$ 504,455	189,978	(98,166)	12,187,991
	72,289			
	-			
<i>Less Accumulated Depreciation for:</i>				
Buildings and Improvements	576,744	241,555	-	818,299
Land Improvements		2,183	-	2,183
Furniture and Equipment		63,995	(98,166)	(34,171)
Lending Collections	9,671,010	103,196	-	9,774,206
Total Accumulated Depreciation	10,247,754	410,929	(98,166)	10,560,517
Total Capital Assets being Depreciated, Net	(10,175,465)	(220,951)	-	1,627,474
Total Capital Assets, Net	\$ (9,598,721)	\$ (213,451)	\$ -	\$ 2,211,718

**SANIBEL PUBLIC LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 4 CHANGES IN LONG-TERM LIABILITIES

The following is a summary of changes in the District's long-term liabilities for the year ended September 30, 2020:

Accrued Compensated Absences Payable -		
October 1, 2019	\$	23,745
Net Increase in Accrued Compensated Absences Payable		15,196
Accrued Compensated Absences Payable -		
September 30, 2020	\$	38,941

The District's liability for compensated absences at September 30, 2020 consisted of short-term compensated absences expected to be paid within one year in the amount of \$35,005 and long-term compensated absences expected to be paid in more than one year in the amount of \$3,936.

NOTE 5 PROPERTY TAXES

Property taxes are levied after formal adoption of the District's budget and become due and payable on November 1 of each year. Discounts are allowed for payment of property taxes before March 1 of the following year. On April 1, any unpaid taxes become delinquent. If the taxes are still unpaid in May, tax certificates are then offered for sale to the general public.

The Lee County, Florida Tax Collector performs the billing and collection of all property taxes for the District. Taxes are recognized as revenue when levied to the extent that they result in current receivables.

Key dates in the property tax cycle (latest date, where appropriate) are as follows:

- | | | |
|-----------------|---|---|
| July 1 | ◆ | Assessment roll validated |
| September 30 | ◆ | Millage resolution approved and taxes levied following certification of assessment roll |
| October 1 | ◆ | Beginning of fiscal year for which tax is to be levied |
| November 1 | ◆ | Property taxes due and payable (levy date) with various discount provisions through March 1 |
| April 1 | ◆ | Taxes become delinquent |
| Prior to June 1 | ◆ | Tax certificates sold by Lee County |

The Board levied ad valorem taxes at a millage rate of \$0.4350 per \$1,000 of the 2019 net taxable value of real property located within the District. The amount of tax revenue recorded by the District for the year ended September 30, 2020 was \$2,171,411.

**SANIBEL PUBLIC LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 6 RETIREMENT PLAN

The District maintains a Simplified Employee Pension or “SEP” plan for all eligible employees. Eligible employees are defined as employees who are at least 21 years of age and have at least two years of service. Under the terms of Section 408(k) of the Internal Revenue Code, the District makes contributions in each calendar year to the Individual Retirement Accounts or Individual Annuities of all eligible employees. The contributions are based on a discretionary percentage of the employee’s salary. In the current fiscal year, the approved percentage was 16%. Retirement plan expense for the year ended September 30, 2020 was \$124,652.

NOTE 7 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; injuries to employees; and natural disasters. Insurance coverage for such risk of loss is purchased from commercial insurance companies. The financial impact of the District’s risk management activities are reported in the accompanying financial statements. For 2020, the District paid \$107,639 in premiums for policies to insure for these risks. In addition, the Board has committed a portion of the District’s unassigned fund balance to meet potential deductible amounts and provide funds in case of excess wind damage. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

NOTE 8 CONTINGENCIES

Funding received by the District consists primarily of ad valorem taxes, private contributions, and state aid. Ad valorem tax receipts are impacted by both the millage rate and property values at the time of assessment. Based upon prior experience, the District does not believe that the current economic events will have a material impact on the District's financial position such as a significant drop in property values or decrease in tax base.

During the fiscal year, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the District, COVID-19 may impact various parts of its 2021 operations and financial results. Management believes the District is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as events associated with the pandemic continue to develop.



**INDEPENDENT AUDITORS' 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 Commissioners
Sanibel Public Library District
Sanibel, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of the Sanibel Public Library District (District) as of and for the 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 December 29, 2020.

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 opinions 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. 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 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 the District’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 District’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Fort Myers, Florida
December 29, 2020



MANAGEMENT LETTER

Board of Commissioners
Sanibel Public Library District
Sanibel, Florida

Report on the Financial Statements

We have audited the financial statements of the Sanibel Public Library District (District), as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated December 29, 2020.

Auditors' 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 Auditors' 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 Accountants' 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, which are dated December 29, 2020, 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 financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding financial 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. This information has been included in the notes to the basic financial statements.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to 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 to identify 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 did not have any such recommendations.

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 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 218.39(3)(b), Florida Statutes. The District does not have any special district component units.

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



CliftonLarsonAllen LLP

Fort Myers, Florida
December 29, 2020



INDEPENDENT ACCOUNTANTS' REPORT

Board of Commissioners
Sanibel Public Library District
Sanibel, Florida

We have examined Sanibel Public Library District's (District) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds, during the year ended September 30, 2020. Management of the District is responsible for the District's compliance with the specified requirements. Our responsibility is to express an opinion on the District's compliance with the specified requirements 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 judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we 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 specified requirements.

In our opinion, the District complied, in all material respects, with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2020.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Fort Myers, Florida
December 29, 2020