

2019

Marion County Law Library

Financial Statements, Independent Auditor's
Report, and Supplemental Information

For Fiscal Year Ended September 30, 2019

**MARION COUNTY LAW LIBRARY
FINANCIAL STATEMENTS,
INDEPENDENT AUDITOR'S REPORT,
AND SUPPLEMENTAL INFORMATION**

**AS OF AND FOR THE YEAR ENDED
SEPTEMBER 30, 2019**

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INDEPENDENT AUDITOR'S REPORT

To the Senior Circuit Judge and Board of Trustees of the
Marion County Law Library
Ocala, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Marion County Law Library (the Library), component unit of Marion County, Florida, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Library'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 of 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 opinions.

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To the Senior Circuit Judge and Board of Trustees of the
Marion County Law Library
Ocala, Florida

INDEPENDENT AUDITOR'S REPORT

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 major fund of the Library as of September 30, 2019, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended, in conformity 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 5 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 March 3, 2020, on our consideration of the Library'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.



March 3, 2020
Ocala, Florida

MARION COUNTY LAW LIBRARY
Management's Discussion and Analysis
September 30, 2019

The Marion County Law Library (the Library) management discussion and analysis presents an overview of the Library's financial activities for the fiscal year ended September 30, 2019. Please read it in conjunction with the Library's financial statements.

Financial Highlights

- The assets of the Library exceeded its liabilities at the close of fiscal year 2019 by \$261,198, of which \$147,061 (unrestricted net position) may be used to meet the Library's obligations to the citizens of Marion County.
- During fiscal year 2019, the Library's revenue decreased by 2.6%, while expenditures decreased by 4.6% from the prior fiscal year.
- During fiscal year 2019, governmental funds revenues exceeded governmental funds expenditures by \$2,873.
- During fiscal year 2019, capital assets increased by \$33,233 for purchases of equipment and legal publications, and decreased by \$29,272, for depreciation.
- During fiscal year 2019, judgement and fine revenues of the courts were up approximately 2%, however charges for services decreased approximately 33% due to a change in copy package pricing, resulting in an overall reduction of revenues of approximately 2.6%. We will be able to continue to providing legal resources to the community.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Library's basic financial statements. The Library's basic financial statements consist of combined fund financial statements and government-wide statements and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

The government-wide financial statements that consist of the following two statements are designed to provide readers with a broad overview of the Library's finances:

- The Statement of Net Position presents information on all of the Library's assets and liabilities with the difference reported as net position, and is a good indicator of the Library's financial condition. The largest portion of assets is invested in legal publications and is used to serve the citizens of this county. The balance of assets is unrestricted and may be used to meet the Library's obligations.
- The Statement of Activities presents information showing how the Library's net position changed during fiscal year 2019. All changes in net position are reported as soon as the underlying event, giving rise to the change, occurs regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal years (e.g. uncollected copy machine revenue, and books and supplements received, but not paid for).

MARION COUNTY LAW LIBRARY
Management's Discussion and Analysis
September 30, 2019

Condensed Financial Statements

Net Position

	September 30, 2019	September 30, 2018
Current Assets	\$ 156,524	\$ 156,950
Capital Assets, Net	114,137	110,176
Total Assets	270,661	267,126
Current Liabilities	9,463	12,762
Total Liabilities	9,463	12,762
Net Position		
Investment in Capital Assets	\$ 114,137	\$ 110,176
Unrestricted	147,061	144,188
Total Net Position	\$ 261,198	\$ 254,364

Change in Net Position
For the Year Ended September 30,

	2019	2018
Revenues	\$ 148,521	\$ 152,494
Expenditures	141,687	148,586
Change in Net Position	6,834	3,908
Net Position, Beginning of Year	254,364	250,456
Net Position, End of Year	\$ 261,198	\$ 254,364

The combined fund financial statements and government-wide financial statements can be found on pages 6-8 of this report.

Governmental Funds

The general fund is the Library's primary operating account. All revenues and expenditures are accounted for in the fund. The focus of the fund is to provide information on *near-term* inflows, outflows, and balances of spendable resources.

Budgetary Comparison

The Library adopts an annual budget for its general fund. Budgetary comparison statements are presented as part of the Library's basic financial statements to demonstrate budgetary compliance.

MARION COUNTY LAW LIBRARY
Management's Discussion and Analysis
September 30, 2019

Notes to the Financial Statements

The notes to the financial statements are essential in understanding the data provided in the financial statements. The notes can be found on pages 9-13.

Request for Information

This financial report is designed to provide a general overview of the Library's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed as follows:

Victoria Shutt
Librarian
Marion County Law Library
110 Northwest 1st Avenue
Ocala, Florida 34475

BASIC FINANCIAL STATEMENTS

MARION COUNTY LAW LIBRARY
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2019

	<u>General Fund</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Net Position</u>
Assets			
Cash	\$ 28,983	\$ -	\$ 28,983
Certificates of Deposit	105,337	-	105,337
Accounts Receivable:			
Due From Other Governmental Units	20,796	-	20,796
Copy Machine Use	1,076	-	1,076
Prepaid Expenditures	332	-	332
Capital Assets:			
Publications	-	1,216,429	1,216,429
Office Equipment	-	21,126	21,126
(Accumulated Depreciation)	-	(1,123,418)	(1,123,418)
Total Assets	<u>156,524</u>	<u>114,137</u>	<u>270,661</u>
Liabilities			
Accounts Payable	6,792	-	6,792
Payroll Taxes Payable	1,146	-	1,146
Unearned Revenue	1,525	-	1,525
Total Liabilities	<u>9,463</u>	<u>-</u>	<u>9,463</u>
Fund Balance			
Non-Spendable - Prepays	332	(332)	-
Unassigned	146,729	(146,729)	-
Total Fund Balance	<u>147,061</u>	<u>(147,061)</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 156,524</u>	<u>\$ (147,061)</u>	<u>\$ 9,463</u>
Net Position			
Investment in Capital Assets		\$ 114,137	\$ 114,137
Unrestricted		147,061	147,061
Total Net Position		<u>\$ 261,198</u>	<u>\$ 261,198</u>

See accompanying notes.

MARION COUNTY LAW LIBRARY
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>General Fund</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Activities</u>
Revenues			
Charges for Services	\$ 16,442	\$ -	\$ 16,442
Filing and Traffic Fees	130,215	-	130,215
Investment Income	224	-	224
Other Income	1,640	-	1,640
Total Revenues	<u>148,521</u>	<u>-</u>	<u>148,521</u>
Expenditures			
Current:			
Salaries and Fringe Benefits	58,952	-	58,952
Periodicals	10,881	-	10,881
Professional Fees	4,812	-	4,812
Copy Expenditures and Supplies	2,784	-	2,784
Office Expenditures and Supplies	1,229	-	1,229
Insurance	5,021	-	5,021
Miscellaneous	175	-	175
Research Materials	28,561	-	28,561
Depreciation	-	29,272	29,272
Capital Outlay	33,233	(33,233)	-
Total Expenditures	<u>145,648</u>	<u>(3,961)</u>	<u>141,687</u>
Net Revenue (Expenditure)	<u>2,873</u>	<u>(2,873)</u>	<u>-</u>
Changes in Net Position	<u>-</u>	<u>6,834</u>	<u>6,834</u>
Fund Balance/Net Position, Beginning of Year	<u>144,188</u>	<u>110,176</u>	<u>254,364</u>
Fund Balance/Net Position, End of Year	<u>\$ 147,061</u>	<u>\$ 114,137</u>	<u>\$ 261,198</u>

See accompanying notes.

MARION COUNTY LAW LIBRARY
STATEMENT OF BUDGETARY COMPARISON - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Charges for Services	\$ 20,500	\$ 16,442	\$ (4,058)
Filing and Traffic Fees	121,000	130,215	9,215
Investment Income	-	224	224
Other Income	250	1,640	1,390
Total Revenues	<u>141,750</u>	<u>148,521</u>	<u>6,771</u>
Expenditures			
Current:			
Salaries and Fringe Benefits	62,900	58,952	3,948
Periodicals	5,000	10,881	(5,881)
Professional Fees	5,500	4,812	688
Copy Expenditures and Supplies	3,300	2,784	516
Office Expenditures and Supplies	1,910	1,229	681
Insurance	4,110	5,021	(911)
Miscellaneous	45	175	(130)
Research Materials	31,035	28,561	2,474
Capital Outlay	27,950	33,233	(5,283)
(Total Expenditures)	<u>(141,750)</u>	<u>(145,648)</u>	<u>(3,898)</u>
Net Revenue (Expenditure)	<u>\$ -</u>	<u>2,873</u>	<u>\$ 2,873</u>
Fund Balance/Net Position, Beginning of Year		<u>144,188</u>	
Fund Balance/Net Position, End of Year		<u>\$ 147,061</u>	

See accompanying notes.

MARION COUNTY LAW LIBRARY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The Marion County Law Library (the Library) was created by Chapter 57-730 of the Florida State Law for the purpose of maintaining a law library for use of the Courts, members of the Bar, and the general public. The Library is governed by a Board of Trustees consisting of three electors of Marion County (the County), to be designated by and serve at the pleasure of the Senior Circuit Judge residing in the County.

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Library (the primary government unit) and its component units. There were no entities that required inclusion as a component unit within the Library's financial statements. Additionally, there were no entities for which there were positive responses to specific criteria used for establishing oversight responsibility, that were excluded from the Library's financial statements.

The Library is a special-purpose government. The Library is a legally separate entity, and is a component unit of the County.

Basis of Presentation

The basic financial statements have been prepared in conformity with the accounting principles and reporting guidelines established by the Governmental Accounting Standards Board. Special-purpose governments engaged in a single governmental program may combine the fund financial statements and the government-wide statements using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column on the face of the financial statements rather than at the bottom of the statements or in an accompanying schedule.

The Library uses the following major governmental fund type:

The General Fund—This fund is the Library's primary operating fund. It is used to account for all revenues and expenditures applicable to the general operations of the Library. The fund is additionally charged with all costs of operations for which a separate fund has not been established.

Basis of Accounting and Measurement Focus

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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.

MARION COUNTY LAW LIBRARY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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. For this purpose, the Library considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

Charges for services, filing and traffic fees, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period.

Fund Balances

The fund balances of the Library's governmental funds are classified as follows:

Non-Spendable—Amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted—Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed—Amounts that can be used only for specific purposes determined by a formal action of the Senior Circuit Judge and Board of Trustees. The Senior Circuit Judge and Board of Trustees is the highest level of decision-making authority for the Library. Commitments may be established, modified, or rescinded only through resolutions approved by the Senior Circuit Judge and Board of Trustees.

Assigned—Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Library's procedures, only the Senior Circuit Judge or the Board of Trustees may assign amounts for specific purposes.

Unassigned—All other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Library considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Library considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Senior Circuit Judge and Board of Trustees has provided otherwise in its commitment or assignment actions.

**MARION COUNTY LAW LIBRARY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Publications and Office Equipment

Publications and office equipment are recorded as expenditures in governmental funds. Publications and office equipment acquired are recorded at cost. Donated equipment is recorded at fair value on the date received. For financial statement presentation, depreciation has been recorded using the straight-line method in the Statement of Activities on the publications and office equipment over their estimated useful lives of 8 and 5 years, respectively (see Note 4).

Unearned Revenue

Unearned revenue represents cash amounts paid in advance by library users for copy machine use.

Budgetary Requirements

Each year a budget, on a basis consistent with generally accepted accounting principles, is adopted by the Library's Board of Trustees. The revisions of the total operating budget require the approval of the Board of Trustees.

Annual and Sick Leave

The Library employees are entitled to certain annual and sick leave absences based on their length of employment. These annual and sick leave absences do not vest and are limited as to the amount of accumulation allowed and are recorded as expenditures when they are paid.

Accounts Receivable

Receivables are recorded by the Library for funds to be received from various sources. An allowance for uncollectible receivables has not been recorded, as all amounts are deemed collectible.

Prepaid Expenditures

Prepaid expenditures represent cash amounts paid by the Library for insurance policies and subscription services covering periods of time, which extend beyond September 30, 2019.

Deposits with Financial Institutions

A checking account and four certificates of deposit are held at banks that are certified as Qualified Public Depositories under the *Florida Public Deposit Act*. Therefore, the Library's total bank balances on deposit are entirely insured or collateralized by the Federal Depository Insurance Corporation and the Bureau of Collateral Securities, Division of Treasury, State Department of Insurance.

Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

Unless otherwise indicated, the fair value of all reported asset and liabilities, which represent financial instruments approximate the carrying value of such amounts.

**MARION COUNTY LAW LIBRARY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Note 2 - Explanation of Differences Between the Government-Wide Financial Statements and the Governmental Fund Financial Statements

When capital assets (publications and office equipment) that are to be used in governmental activities are purchased, the costs of those assets are reported as expenditures in governmental funds. However, the Statement of Net Position includes those capital assets among the assets of the Library as a whole.

Cost of Capital Assets	\$ 1,237,555
(Accumulated Depreciation)	<u>(1,123,418)</u>
Difference	<u>\$ 114,137</u>

In the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net position decrease by the amount of depreciation expense charged for the year.

Capital Outlay	\$ 29,272
Depreciation Expense	<u>(33,233)</u>
Difference	<u>\$ (3,961)</u>

Note 3 - Certificated of Deposits

The certificates of deposit bear interest of about 0.05% and have maturities ranging from 10 months to 34 months, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

Note 4 - Capital Assets

Following is a summary of the activity of the Capital Assets:

	<u>Balance October 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2019</u>
Publications	\$ 1,183,196	\$ 33,233	\$ -	\$ 1,216,429
Office Equipment	<u>21,126</u>	-	-	<u>21,126</u>
Total Capital Assets	1,204,322	33,233	-	1,237,555
(Accumulated Depreciation)	<u>(1,094,146)</u>	<u>(29,272)</u>	-	<u>(1,123,418)</u>
Capital Assets, Net	<u>\$ 110,176</u>	<u>\$ 3,961</u>	<u>\$ -</u>	<u>\$ 114,137</u>

Note 5 - Pension

The Library participated in a Simplified Employee Pension Plan (SEP) for its employees. Due to the decrease in revenues, the Library stopped contributions in fiscal year 2017. Any employee who had worked for the Library during no less than three of the immediately preceding five plan years, and who was at least 21 years of age, was eligible for participation in the SEP. All benefits and costs were funded and accrued on a current basis. The Library's contribution to the SEP is discretionary, but was not to exceed the lesser of 25% of the employee's compensation or \$50,000. During the year ended September 30, 2019, contributions to the SEP plan were \$0, for covered employees.

**MARION COUNTY LAW LIBRARY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Note 6 - Economic Dependency

The Library receives a substantial amount of its support from the County. A revision to the Florida Constitution shifted most of the judiciary funding from the County to the State level effective July 1, 2004. The Library has not received any funding from the State. The Library signed an agreement with the County effective July 1, 2004, to receive 25% of specific court costs collected by the County. The Marion County Board of County Commissioners adopted an ordinance on September 7, 2010, to provide additional revenue to the Library. Effective October 1, 2010, 10% of surcharges imposed for specific non-criminal traffic infractions are paid to the Library.

Note 7 - Risk Management Program

The Library participates in the Marion County Board of County Commissioners risk management program. The risk management program participants include all of the departments of the County and component units of the County. The risk management program is accounted for as an internal service fund of the County and includes coverage for workers' compensation claims, general property and casualty, and automobile liabilities. Payments to the fund are assessed based on past experience and actuarial determined estimates of claims reserves. The risk management program also manages medical insurance coverage, which is provided through commercial insurance.

The Library's payments to the risk management program are displayed on the financial statements as expenditures/expenses in the general fund. There have been no significant changes from the prior year and settlements have not exceeded coverage in any of the prior three years.

**ADDITIONAL ELEMENTS REQUIRED BY
THE *RULES OF THE AUDITOR GENERAL* AND
*GOVERNMENT AUDITING STANDARDS***

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Senior Circuit Judge and Board of Trustees of the
Marion County Law Library
Ocala, 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 major fund of the Marion County Law Library (the Library) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated March 3, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Library'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 Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, we identified a deficiency in internal control over financial reporting that we consider to be material weakness.

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. We consider the deficiency described as items 2019-1 in the accompanying schedule of findings to be material weakness.

CERTIFIED PUBLIC ACCOUNTANTS

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An Independent Member of the BDO Alliance USA.

To the Senior Circuit Judge and Board of Trustees of the
Marion County Law Library
Ocala, Florida

**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***

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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 instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as item 2019-2.

Marion County Law Library's Response to Finding

The Library's response to the findings identified in our audit is described in the Management's Response Letter. The Library's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Library'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 Library's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



March 3, 2020
Ocala, Florida

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

To the Senior Circuit Judge and Board of Trustees of the
Marion County Law Library
Ocala, Florida

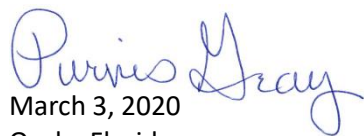
We have examined the Marion County Law Library's (the Library) compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended September 30, 2019, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the Library's compliance with those requirements. Our responsibility is to express an opinion on the Library'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 Library complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Library complied with the specific requirements. The nature, timing, and extent of procedures selected depend on our judgement, including an assessment of the risk of material non-compliance, 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 Library's compliance with specific requirements.

In our opinion, the Library complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

This report 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 Council Members, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.


March 3, 2020
Ocala, Florida

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MANAGEMENT LETTER

To the Senior Circuit Judge and Board of Trustees of the
 Marion County Law Library
 Ocala, Florida

Report on the Financial Statements

We have audited the financial statements of the Marion County Law Library (the Library) as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated March 3, 2020.

Auditor’s Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, *Rules of the Auditor General*.

Other Reports and Schedules

We have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Schedule of Findings; and Independent Accountant’s Report on an examination conducted in accordance with American Institute of Certified Public Accountants *Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those schedules and reports, which are dated March 3, 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 significant findings and recommendations made in the preceding financial audit report. Corrective actions have been partially taken to address findings and recommendations made in the preceding annual financial audit report, except as noted below:

Tabulation of Uncorrected Audit Findings		
Current Year Findings	2018 FY Findings	2017 FY Findings
2019-1	2018-1	2017-1
2019-2	2018-2	2017-2
2019-3	2018-3	n/a

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To the Senior Circuit Judge and Board of Trustees of the
Marion County Law Library
Ocala, Florida

MANAGEMENT LETTER

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. These disclosures can be found in Note 1 to the financial statements.

Financial Condition

- Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and report the results of our determination as to whether or not the local government entity 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 Library 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 Library. It is management's responsibility to monitor the Library'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, see recommendations in the Schedule of Findings.

Special District Component Units

- Section 10.554(1)(i)5.c., *Rules of the Auditor General*, requires 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 218.39(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 218.39(3)(b), Florida Statutes.

Additional Matters

- Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address non-compliance 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 which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

To the Senior Circuit Judge and Board of Trustees of the
Marion County Law Library
Ocala, Florida

MANAGEMENT LETTER

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 Marion County Board of County Commissioners, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "Purvis Gray". The signature is written in a cursive style with a large initial "P".

March 3, 2020
Ocala, Florida

**MARION COUNTY LAW LIBRARY
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Findings and Recommendations

Finding 2019-1—Segregation of Duties (Material Weakness)

One of the tenets of sound internal control is the segregation of incompatible duties among employees. The basic premise is that to minimize employee errors and fraudulent activities; duties should be segregated among employees so that individuals do not perform all accounting functions for a single area or have access to areas of the financial management system beyond what is necessary to perform their specific job function. Additionally, the preparation of financial statements and note disclosures in accordance with generally accepted accounting principles requires professional and technical expertise.

During our audit, we noted that the accounting function is primarily handled by one employee of the Marion County Law Library (the Library) often handling complete accounting cycles and having access to the complete accounting system, including the handling of cash receipts, reporting of cash receipts, processing cash disbursements and reconciling accounts. These matters lead to a risk that misstatement or fraudulent activity could occur and not be prevented or detected and corrected on a timely basis.

The Library is typical of most small organizations wherein it is not economically feasible to hire all required staff needed to separate duties. We recommend the Library determine appropriate alternative procedures; for instance, incorporating the Senior Circuit Judge and Board of Trustees in the financial operations processes, by providing continuous oversight and independent documented reviews of accounting and administrative staff functions, or contracting with individuals to supplement the needed level of safeguards.

Finding 2019-2—Annual Budget (Non-Compliance)

The Library is an Independent Special District, subject to Florida Statutes 189, amongst other statutes. Florida Statutes 189.016(3) states that each special district adopt a budget by resolution each fiscal year and that the adopted budget must regulate expenditures of the special district and that an officer of a special district may not expend or contract for expenditures in any fiscal year except pursuant to the adopted budget. Florida Statutes 189.016(6) further states that each special district may amend the budget at any time within the fiscal year or within 60 days following the end of the fiscal year.

The Library's initial and final budget for the fiscal year ended September 30, 2019, was not adopted until May 30, 2019, beyond the requirements of Florida Statutes that no funds may be expended or contracted except pursuant to the budget. The Library operated eight months of the fiscal year 2019 without an adopted budget. Additionally, although a budget was adopted in May 2019, it was not subsequently amended and the ultimate expenditures of the Library exceeded the budget by \$3,898.

We recommend the Library review the requirements of Florida Statutes related to budgeting and ensure procedures are established to ensure timely adoption and amendment of the annual budget, as well as other budget requirements under Florida Statutes.

**MARION COUNTY LAW LIBRARY
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Finding 2019-3—Financial Reporting (Management Letter Recommendation)

Proper financial reporting requires accurate and timely reporting of financial position and changes in financial position, which can be utilized by management and those charged with governance in making informed decisions. During the audit, several adjustments were needed to correct entries related to the reclassification of expenses, revenue classifications, and liability adjustments. These entries could have been captured through routine review of financial reports throughout the year. Following the conversion of the accounting records to QuickBooks, no financial reports were presented to the Board of Trustees between January 2018 and January 2019. Monthly system generated “profit and loss” reports were provided to management starting in January 2019; however, no cumulative year to date reports, budget to actual reports, or balance sheet reports were provided.

We recommend the Library develop procedures for timely and accurate financial reporting and a thorough documented supervisory review of the financial statements and related reconciliations and support data. The Library may consider outsourcing components of the accounting functions to achieve the necessary level of internal control to ensure timely and accurate financial reporting.

Marion County Law Library
110 Northwest 1st Avenue
Ocala, FL 34475
352-401-7841

April 21, 2020

Senior Circuit Judge Jim Mc
Marion County Law Library Board of Trustees
Robert Wilson, Esq.
Russell LaPeer, Esq.
Thomas Cartwright, Esq.

Management Response

Audit Finding 2019-1

As stated in the past, the Marion County Law Library is a small business entity with two employees (one fulltime and one part-time); at this time there is no funding to provide more employees for segregation of duties.

Our check signing policies require that all the checks are manually signed by two (2) authorized check signers. Currently we have two (2) of the trustees along with the librarian as the authorized check signers. The procedure for paying bills has both of the signers to review and initial the invoice and checks to insure for accuracy. The payroll checks will also continue to be checked and signed for as well.

All purchases beyond our regular subscriptions must be approved by the Board of Trustees. The Board has discussed having one of the members to review and prepare the monthly or quarterly financial statements for review of the remaining Board members and to meet auditing standards.

Audit Findings 2019-2

The oversight for FY 2018-2019 was a serious, though inadvertent, error. When it was realized, the governing body of the Marion County Law Library, its Board of Trustees, acted promptly to cure the error, and to bring the Library into compliance with Florida Statute §189.016(3) & (6).

The +\$3,898 deficit, which should have been detected no later than November 30, 2019, was real, and it was addressed in the proposed budget, and in the final budget for FY 2018-19, by a decrease in expenditures authorized by the Board of Trustees.

The Marion County Law Library is now in compliance with §& (6), and operating solely within the terms of the approved budget for FY 2019-20.

Audit Finding 2018-3

The board is and has been provided all financial statements that have been reviewed. The Board members were provided monthly revenue and expense reports prepared by the librarian, (she does not have the knowledge to prepare them with accepted accounting standards.) The librarian has implemented a daily cash sheet, as well as documenting deposits within the cash sheet. Copies of all checks that are made out to the library are in with documentation as well. There still is not adequate funding to support out sourcing of duties, bank reconciliations are being reviewed by a board member.

The Board will consider any other recommendations by the audit report.

Victoria Shutt
Librarian
Marion County Law Library
Ocala, FL