

2021

Marion County Law Library

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

As of and for the Year Ended September 30,
2021

PURVIS GRAY
CERTIFIED PUBLIC ACCOUNTANTS

MARION COUNTY LAW LIBRARY

**FINANCIAL STATEMENTS,
INDEPENDENT AUDITOR’S REPORT,
AND SUPPLEMENTAL INFORMATION**

**AS OF AND FOR THE YEAR ENDED
SEPTEMBER 30, 2021**

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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, 2021, 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, 2021, 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.

Emphasis of a Matter

As further described in Note 8 to the financial statements, the Library has been operationally and financially impacted by the outbreak of the novel coronavirus (COVID-19) pandemic, which was declared a global pandemic by the World Health Organization in March 2020. Our opinion is not modified with respect to this matter.

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 June 30, 2022, 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.



June 30, 2022
Ocala, Florida

MARION COUNTY LAW LIBRARY
Management's Discussion and Analysis
September 30, 2021

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, 2021. 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 2021 by \$282,732 of which \$184,448 (unrestricted net position) may be used to meet the Library's obligations to the citizens of Marion County.
- During fiscal year 2021, the Library's revenue increased by 12.7%, while expenditures decreased by 10% from the prior fiscal year.
- During fiscal year 2021, governmental funds revenues exceeded governmental funds expenditures by \$31,322.
- During fiscal year 2021, capital assets increased by \$20,924 for purchases of equipment and legal publications, and decreased by \$26,594, for depreciation.
- During fiscal year 2021, judgement and fine revenues of the courts were up 22.3%, and charges for services decreased 89.02%, due to closure of the Library related to the COVID-19 pandemic, resulting in an overall increase of revenues of approximately 12.7%. We reopened the Library in July 2021 to continue to provide legal resources to the community once COVID-19 restrictions were lifted.

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 2021. 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, 2021

Condensed Financial Statements

Net Position

	September 30, 2021	September 30, 2020
Current Assets	\$ 191,527	\$ 159,274
Capital Assets, Net	98,284	103,954
Total Assets	289,811	263,228
Current Liabilities	7,079	6,148
Total Liabilities	7,079	6,148
Net Position		
Investment in Capital Assets	98,284	103,954
Unrestricted	184,448	153,126
Total Net Position	\$ 282,732	\$ 257,080

**Change in Net Position
For the Year Ended September 30,**

	2021	2020
Revenues	\$ 147,502	\$ 130,893
Expenditures	121,850	135,011
Change in Net Position	25,652	(4,118)
Net Position, Beginning of Year	257,080	261,198
Net Position, End of Year	\$ 282,732	\$ 257,080

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. There was not an approved budget for the 2021 fiscal year.

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.

MARION COUNTY LAW LIBRARY
Management's Discussion and Analysis
September 30, 2021

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, 2021

	<u>General Fund</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Net Position</u>
Assets			
Cash	\$ 72,608	\$ -	\$ 72,608
Certificates of Deposit	108,070	-	108,070
Accounts Receivable:			
Due From Other Governmental Units	10,497	-	10,497
Copy Machine Use	352	-	352
Other Receivables	-	-	-
Capital Assets:			
Publications	-	1,256,233	1,256,233
Office Equipment	-	21,126	21,126
(Accumulated Depreciation)	-	(1,179,075)	(1,179,075)
Total Assets	<u>191,527</u>	<u>98,284</u>	<u>289,811</u>
Liabilities			
Accounts Payable	5,886	-	5,886
Payroll Taxes Payable	699	-	699
Unearned Revenue	494	-	494
Total Liabilities	<u>7,079</u>	<u>-</u>	<u>7,079</u>
Fund Balance			
Unassigned	184,448	(184,448)	-
Total Fund Balance	<u>184,448</u>	<u>(184,448)</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 191,527</u>	<u>\$ (184,448)</u>	<u>\$ 7,079</u>
Net Position			
Investment in Capital Assets		\$ 98,284	\$ 98,284
Unrestricted		184,448	184,448
Total Net Position		<u>\$ 282,732</u>	<u>\$ 282,732</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, 2021

	<u>General Fund</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Activities</u>
Revenues			
Charges for Services	\$ 976	\$ -	\$ 976
Filing and Traffic Fees	145,072	-	145,072
Investment Income	1,201	-	1,201
Other Income	253	-	253
Total Revenues	<u>147,502</u>	<u>-</u>	<u>147,502</u>
Expenditures			
Current:			
Salaries and Fringe Benefits	50,262	-	50,262
Periodicals	8,642	-	8,642
Professional Fees	5,000	-	5,000
Copy Expenditures and Supplies	1,625	-	1,625
Office Expenditures and Supplies	1,263	-	1,263
Insurance	4,729	-	4,729
Miscellaneous	511	-	511
Research Materials	19,563	-	19,563
Depreciation	-	26,594	26,594
Capital Outlay	24,585	(20,924)	3,661
Total Expenditures	<u>116,180</u>	<u>5,670</u>	<u>121,850</u>
Net Revenue (Expenditure)	31,322	(31,322)	-
Changes in Net Position	-	25,652	25,652
Fund Balance/Net Position, Beginning of Year	<u>153,126</u>	<u>103,954</u>	<u>257,080</u>
Fund Balance/Net Position, End of Year	<u>\$ 184,448</u>	<u>\$ 98,284</u>	<u>\$ 282,732</u>

See accompanying notes.

MARION COUNTY LAW LIBRARY
STATEMENT OF BUDGETARY COMPARISON - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budget	Actual	Variance with Final Budget
Revenues			
Charges for Services	\$ -	\$ 976	\$ 976
Filing and Traffic Fees	-	145,072	145,072
Investment Income	-	1,201	1,201
Other Income	-	253	253
Total Revenues	-	147,502	147,502
Expenditures			
Current:			
Salaries and Fringe Benefits	-	50,262	(50,262)
Periodicals	-	8,642	(8,642)
Professional Fees	-	5,000	(5,000)
Copy Expenditures and Supplies	-	1,625	(1,625)
Office Expenditures and Supplies	-	1,263	(1,263)
Insurance	-	4,729	(4,729)
Miscellaneous	-	511	(511)
Research Materials	-	19,563	(19,563)
Capital Outlay	-	24,585	(24,585)
(Total Expenditures)	-	(116,180)	(116,180)
Net Revenue (Expenditure)	\$ -	31,322	\$ 31,322
Fund Balance/Net Position, Beginning of Year		153,126	
Fund Balance/Net Position, End of Year		\$ 184,448	

See accompanying notes.

**MARION COUNTY LAW LIBRARY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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.

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

**MARION COUNTY LAW LIBRARY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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 are 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.

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).

**MARION COUNTY LAW LIBRARY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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. There was no budget adopted for the year ended September 30, 2021.

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.

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.

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	\$ 1,277,359
(Accumulated Depreciation)	<u>(1,179,075)</u>
Difference	<u><u>\$ 98,284</u></u>

**MARION COUNTY LAW LIBRARY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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 decreases by the amount of depreciation expense charged for the year.

Capital Outlay	\$	20,924
Depreciation Expense		<u>26,594</u>
Difference	\$	<u>5,670</u>

Note 3 - Certificated of Deposits

The certificates of deposit bear interest of about 1.29% 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:

	Balance October 1, 2020	Additions	Deletions	Balance September 30, 2021
Publications	\$ 1,235,310	\$ 20,923	\$ -	\$ 1,256,233
Office Equipment	<u>21,126</u>	<u>-</u>	<u>-</u>	<u>21,126</u>
Total Capital Assets	1,256,436	20,923	-	1,277,359
(Accumulated Depreciation)	<u>(1,152,482)</u>	<u>(26,592)</u>	<u>-</u>	<u>(1,179,075)</u>
Capital Assets, Net	<u>\$ 103,954</u>	<u>\$ (5,669)</u>	<u>\$ -</u>	<u>\$ 98,284</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, 2021, contributions to the SEP plan were \$0 for covered employees.

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.

MARION COUNTY LAW LIBRARY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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.

Note 8 - COVID-19

In December 2019, COVID-19 emerged and has subsequently spread worldwide. The World Health Organization has declared COVID-19 a pandemic resulting in federal, state, and local governments mandating various restrictions, including travel restrictions, restrictions on public gatherings, stay-at-home orders and advisories, and quarantining of people who may have been exposed to the virus. The outbreak of the COVID-19 pandemic is affecting the Library's business operations, local judicial court operations, as well as U.S. economy and financial markets. After close monitoring and responses and guidance from federal, state, and local governments, in an effort to mitigate the spread of COVID-19, effective in mid-March 2020, the Library closed to public access for the remainder of the fiscal 2020 year and through July of 2021. The Library has very limited operations and continues to monitor developments, including government requirements and recommendations at the federal, state, and local level to evaluate the possibility of ongoing continued restrictions.

At this point, we cannot reasonably estimate the duration and severity of this pandemic, which could have a material adverse impact on the results of operations, financial position, and cash flows.

**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, 2021, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements, and have issued our report thereon dated June 30, 2022.

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) as a basis for designing 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.

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 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. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings as item 2021-1 that we consider to be material weakness.

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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 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

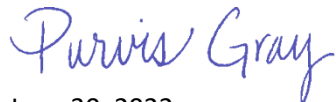
As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. 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 2021-3.

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.



June 30, 2022
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

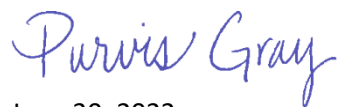
We have examined the Marion County Law Library's (the Library) compliance with the requirements of Section 218.415, Florida Statutes, as of and for the year ended September 30, 2021, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the Library's compliance 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, 2021.

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.



June 30, 2022
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, 2021, and have issued our report thereon dated June 30, 2022.

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 June 30, 2022, 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	2020 FY Findings	2019 FY Findings
2021-1	2020-1	2019-1
2021-2	2020-2	2019-3
2021-3		2019-2
2021-4		

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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 and Management

- Sections 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 local government entity 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 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.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, *Rules of the Auditor General*, the Library reported:

- a. The total number of district employees compensated in the last pay period of the district's fiscal year as 1.
- b. The total number of independent contractors to whom non-employee compensation was paid in the last month of the district's fiscal year as 0.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$37,200.
- d. All compensation earned by or awarded to non-employee independent contractors, whether paid or accrued, regardless of contingency as \$0.

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

MANAGEMENT LETTER

- e. Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as – there were no projects to report.
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year reported if the district amends a final budget adopted under Section 189.016(6), Florida Statutes, as the District did not approve a budget for fiscal year 2021 (see comment 2021-3).

Additional Matters

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

Purpose of this Letter

This 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, the Senior Circuit Court Judge, the Board of Trustees, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.



June 30, 2022
Ocala, Florida

**MARION COUNTY LAW LIBRARY
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Findings and Recommendations

Finding 2021-1—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 and reporting of cash receipts without a system to reconcile collections to recorded amounts, processing cash disbursements, and reconciling bank and financial statement 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 2021-2—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, an incorrect payroll disbursement, revenue classifications, and liability adjustments. These entries could have been captured through routine review of financial reports throughout the year. Monthly system generated “profit and loss” reports were provided to the Board of Trustees from January 2019 through December 2019; however, no cumulative year to date reports, budget to actual reports, or balance sheet reports were provided and no reports were provided after December 2019.

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.

Finding 2021-3—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.

**MARION COUNTY LAW LIBRARY
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

The Library's initial and final budget for the fiscal year ended September 30, 2021, was not adopted.

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.

Finding 2021-4—Accounts Receivable (Management Letter Recommendation)

During our audit we noted that the Library received an update to their copy machine. The Library provides use of the copy machine to the public for a small charge. As a result of the update, the copier count numbers were lost and they were unable to determine the starting count and, after which time, did not have a method to appropriately track for accounts receivable related to copy machine activity. The client was unable to obtain accurate copy machine count numbers to reconcile the copy machine sales and accurately determine the amounts owed to the Library as of the end of the fiscal year.

We recommend that the client develop procedures to ensure that the copy machine sales and related receivables are accurately tracked and appropriately recorded.

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

June 30, 2022

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

Management Response

Audit Finding 2021-1

As stated in the past, the Marion County Law Library is a small business entity with one employees (one fulltime); 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 Finding 2021-2

As stated there is currently one employee that oversees the library and there are no funds available to out-source the accounting for the library. The library had many set-backs during the Covid closure and being back in the office it will be more manageable for the meetings and review of the monthly financials.

Audit Finding 2021-3

For the past year of FY 2021-22, the Marion County Law Library, through its governing body, the Board of Trustees, had approved by resolution annual budgets. In accordance with those budgets, Law Library operated, regulated by budgeted revenues and expenditures, with balances of the previous years brought forward for each, succeeding annual budget.

In March 2020, the Covid-19 pandemic not only shut down all courthouses throughout the State of Florida, but required the Marion County Law Library to cease operations and shut down effective March 16, 2020. For virtually 17 months, the Law Library had been closed.

There had been no operations, and the board was unable to meet to prepare, consider, and approve a budget for FY 2020-21. That deficiency, resulting from the grave emergency of the pandemic, was addressed after the Law Library reopened and got a belated budget approved for the FY2020-21 in April 2022.

In the meanwhile, regular, recurring revenues have been received and recorded, and regular, recurring expenditures, necessary to maintain the status and capability of the Law Library, have been disbursed and recorded.

At no time during the 17-month, crisis closure of the Law Library has the operating account failed to receive revenues or expenditures posed a threat to the sound financial condition of the Law Library's account.

Audit Finding 2021-4

The computers are maintained by the IT department within the Judicial Center. The Library had no control over the updates that were performed while the library was closed for Covid, that resulted in the program being erased leaving no remedy to recover the lost accounts. IT tried to reinstall the program and was unable to recover any account activity that was lost. The Library will take readings for the copiers so that in the future the copies made can be accounted for.

The Board will consider any other recommendations.



Victoria Shutt
Librarian
Marion County Law Library
Ocala, FL

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