

2023

Marion County Law Library

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

May 31, 2023

MARION COUNTY LAW LIBRARY

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

**AS OF AND FOR THE YEAR ENDED
MAY 31, 2023**

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INDEPENDENT AUDITOR'S REPORT

The Honorable Board of County Commissioners
Marion County Law Library
Ocala, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Marion County Law Library (the Library), a component unit of Marion County, Florida, as of and for the year ended May 31, 2023, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

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 May 31, 2023, and the respective changes in the financial position, and the budgetary comparison for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Library and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of a Matter - Dissolution of Operations

As described in Note 7 of the financial statements, Senate Bill 4-C was passed in 2022, which called for the dissolution of any independent special districts enacted prior to 1968. The Library was established in 1951 and was one of the special districts impacted by the approval of this bill. The dissolution of the affected districts occurred on June 1, 2023. Management's evaluation of the events and conditions and management's plan for the continuance of the Library services under the authority of the Board of County Commissioners is described in Note 7. Our opinion was not modified with respect to this matter.

Responsibilities of Management 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.

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INDEPENDENT AUDITOR'S REPORT

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Library's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Library's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Library's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

The Honorable Board of County Commissioners Marion County Law Library
Ocala, Florida

INDEPENDENT AUDITOR'S REPORT

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2024, 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 19, 2024
Ocala, Florida

MARION COUNTY LAW LIBRARY
Management's Discussion and Analysis
May 31, 2023

The Marion County Law Library (the Library) management discussion and analysis presents an overview of the Library's financial activities for the year ended May 31, 2023. Please read it in conjunction with the Library's financial statements.

Financial Highlights

- During fiscal year 2023, the Library's revenue decreased by 26%, while expenditures increased by 233% from the prior fiscal year. This is due to the dissolution of the Library and the transfer to the Board of County Commissioners.
- During fiscal year 2023, governmental funds expenditures exceeded governmental funds revenues by \$205,714.
- During fiscal year 2023, capital assets increased by \$16,752 for purchases of legal publications, and decreased by \$20,571 for depreciation. All capital assets of the Library were transferred to the Marion County Board of County Commissioners as of May 31, 2023.
- During fiscal year 2023, judgement and fine revenues of the courts decreased 27%, and charges for services decreased less than 1%, resulting in an overall decrease of revenues of approximately 26%. The Library discontinued operations as of May 31, 2023.

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 2023. 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
May 31, 2023

Condensed Financial Statements

Net Position

	May 31, 2023	September 30, 2022
Current Assets	\$ -	\$ 210,888
Capital Assets, Net	-	95,513
Total Assets	-	306,401
Current Liabilities	-	5,174
Total Liabilities	-	5,174
Net Position		
Investment in Capital Assets	-	95,513
Unrestricted	-	205,714
Total Net Position	\$ -	\$ 301,227

**Change in Net Position
For the Year Ended**

	May 31, 2023	September 30, 2022
Revenues	\$ 103,823	\$ 139,652
Expenditures	405,050	121,157
Change in Net Position	(301,227)	18,495
Net Position, Beginning of Year	301,227	282,732
Net Position, End of Year	\$ -	\$ 301,227

The combined fund financial statements and government-wide financial statements can be found on pages 7 through 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 2023 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 10 through 13.

MARION COUNTY LAW LIBRARY
Management's Discussion and Analysis
May 31, 2023

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
MAY 31, 2023

	<u>General Fund</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Net Position</u>
Assets			
Cash	\$ -	\$ -	\$ -
Certificates of Deposit	-	-	-
Accounts Receivable:			
Due From Other Governmental Units	-	-	-
Copy Machine Use	-	-	-
Other Receivables	-	-	-
Capital Assets:			
Publications	-	-	-
Office Equipment	-	-	-
(Accumulated Depreciation)	-	-	-
Total Assets	<u>-</u>	<u>-</u>	<u>-</u>
Liabilities			
Accounts Payable	-	-	-
Payroll Taxes Payable	-	-	-
Unearned Revenue	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance			
Unassigned	-	-	-
Total Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Position			
Investment in Capital Assets		\$ -	\$ -
Unrestricted		-	-
Total Net Position		<u>\$ -</u>	<u>\$ -</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 MAY 31, 2023

	<u>General Fund</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Activities</u>
Revenues			
Charges for Services	\$ 5,127	\$ -	\$ 5,127
Filing and Traffic Fees	97,496	-	97,496
Other Income	1,200	-	1,200
Total Revenues	<u>103,823</u>	<u>-</u>	<u>103,823</u>
Expenditures			
Current:			
Salaries and Fringe Benefits	40,880	-	40,880
Periodicals	6,051	-	6,051
Professional Fees	6,500	-	6,500
Copy Expenditures and Supplies	3,352	-	3,352
Office Expenditures and Supplies	(291)	-	(291)
Insurance	5,152	-	5,152
Research Materials	9,530	-	9,530
Transfer to Other Governments	221,611	91,694	313,305
Depreciation	-	20,571	20,571
Capital Outlay	16,752	(16,752)	-
Total Expenditures	<u>309,537</u>	<u>95,513</u>	<u>405,050</u>
Net Revenue (Expenditure)	(205,714)	205,714	-
Changes in Net Position	-	(301,227)	(301,227)
Fund Balance/Net Position, Beginning of Year	<u>205,714</u>	<u>95,513</u>	<u>301,227</u>
Fund Balance/Net Position, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes.

MARION COUNTY LAW LIBRARY
STATEMENT OF BUDGETARY COMPARISON - GENERAL FUND
FOR THE YEAR ENDED MAY 31, 2023

	Budget	Actual	Variance with Final Budget
Revenues			
Charges for Services	\$ -	\$ 5,127	\$ 5,127
Filing and Traffic Fees	-	97,496	97,496
Other Income	-	1,200	1,200
Total Revenues	-	103,823	103,823
Expenditures			
Current:			
Salaries and Fringe Benefits	-	40,880	(40,880)
Periodicals	-	6,051	(6,051)
Professional Fees	-	6,500	(6,500)
Copy Expenditures and Supplies	-	3,352	(3,352)
Office Expenditures and Supplies	-	(291)	291
Insurance	-	5,152	(5,152)
Research Materials	-	9,530	(9,530)
Subsidies to Other Governments	-	221,611	(221,611)
Capital Outlay	-	16,752	(16,752)
(Total Expenditures)	-	(309,537)	(309,537)
Net Revenue (Expenditure)	\$ -	(205,714)	\$ (205,714)
Fund Balance/Net Position, Beginning of Year		205,714	
Fund Balance/Net Position, End of Year		\$ -	

See accompanying notes.

**MARION COUNTY LAW LIBRARY
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2023**

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. The Library dissolved as of May 31, 2023 as discussed in Note 7.

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
MAY 31, 2023

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 3).

**MARION COUNTY LAW LIBRARY
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2023**

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 May 31, 2023.

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.

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.

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

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	\$	16,752
Depreciation Expense		20,571
Transfer of Assets/Liabilities		91,694
Difference	\$	95,513

Note 3 - Capital Assets

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

	Balance October 1, 2022	Additions	Deletions	Balance May 31, 2023
Publications	\$ 1,282,789	\$ 16,752	\$ (1,299,541)	\$ -
Office Equipment	21,126	-	(21,126)	-
Total Capital Assets	1,303,915	16,752	(1,320,667)	-
(Accumulated Depreciation)	(1,208,402)	(20,571)	1,228,973	-
Capital Assets, Net	\$ 95,513	\$ (3,819)	\$ (91,694)	\$ -

Note 4 - 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

MARION COUNTY LAW LIBRARY
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2023

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 May 31, 2023, contributions to the SEP plan were \$0 for covered employees.

Note 5 - 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 6 - 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 7 - Dissolution of Operations

Senate Bill 4-C was passed in 2022, calling for the dissolution of any independent special district enacted in Florida prior to 1968. The Library was established in 1951 and is one of the special districts impacted by the approval of this bill. The dissolution of the affected districts occurred on June 1, 2023. The Marion County Board of County Commissioners approved Resolution 23-R-407 effective June 1, 2023, which acknowledged the dissolution of the Library and provided for continuation of the Library under the authority of the County and Court Administration. The assets and liabilities of the Library were transferred to the Marion County Board of County Commissioners as of May 31, 2023.

**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**

The Honorable Board of County Commissioners
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 May 31, 2023, 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 19, 2024.

Report on 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 2023-1 that we consider to be material weakness.

Report on 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

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The Honorable Board of County Commissioners
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***

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 2023-3.

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 19, 2024
Ocala, Florida

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

The Honorable Board of County Commissioners
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 May 31, 2023, 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.

We are required to be independent and meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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 May 31, 2023.

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 19, 2024
Ocala, Florida

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MANAGEMENT LETTER

The Honorable Board of County Commissioners
 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 May 31, 2023, and have issued our report thereon dated June 19, 2024.

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 19, 2024, 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	2022 Fiscal Year Findings	2021 Fiscal Year Findings	2020 Fiscal Year Findings
2023-1	2022-1	2021-1	2020-1
2023-2	2022-2	2021-2	2020-2
2023-3	2022-3	2021-3	
	2022-4	2021-4	

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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 \$40,880.
- d. All compensation earned by or awarded to non-employee independent contractors, whether paid or accrued, regardless of contingency as \$0.

The Honorable Board of County Commissioners
Marion County Law Library
Ocala, Florida

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- 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 2023 (see comment 2023-3).

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 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 19, 2024
Ocala, Florida

**MARION COUNTY LAW LIBRARY
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED MAY 31, 2023**

Findings and Recommendations

Finding 2023-1—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 was 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 recommended 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 2023-2—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, revenue classifications, and liability adjustments. These entries could have been captured through routine review of financial reports throughout the year.

We recommended 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 have considered outsourcing components of the accounting functions to achieve the necessary level of internal control to ensure timely and accurate financial reporting.

Finding 2023-3—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 MAY 31, 2023**

There was not an approved budget for 2023.

We recommended 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 Board of County Commissioners

Administration

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June 24, 2024

Purvis Gray
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MANAGEMENT RESPONSE

This letter is in response to the Schedule of Findings for the Marion County Law Library for the year that ended May 31, 2023.

FINDINGS:

- 2023-1—Segregation of Duties (Material Weakness)
- 2023-2—Financial Reporting (Management Letter Recommendation)
- 2023-3—Annual Budget (Non-Compliance)

MANAGEMENT RESPONSE:

Effective June 1, 2023, the Independent Special District known as the Marion County Law Library (the “Library”) was dissolved pursuant to Chapter Law 2022-266, codified at s. 89.0311(2), Florida Statutes.

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