

UNION COUNTY, FLORIDA
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2017

Union County, Florida

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September 30, 2017

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Union County, Florida

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INDEPENDENT AUDITORS' REPORT

The Honorable Board of County Commissioners,
Union County, Florida:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Union County, Florida (the County), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our (1) unmodified audit opinion on each major fund and the aggregate remaining fund information; and (2) qualified audit opinion on the governmental activities.

Basis for Qualified Opinion on Governmental Activities

Management has not acquired an actuarial valuation to determine the amount of its OPEB (Other Postemployment Benefits) liability and has not presented such liability in its government-wide financial statements as required by accounting principles generally accepted in the United States of America. The impact of such departure from generally accepted accounting principles on the liabilities, net position and expenses of the government-wide financial statements of the County is unknown. Such departure has no impact on the County's fund financial statements.

Qualified Opinion on Governmental Activities

In our opinion, except for the effects, if any, of the matter described in the Basis for Qualified Opinion paragraph on the governmental activities, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the County, as of September 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion on Major Funds and Aggregate Remaining Fund Information

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information for the County, as of September 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and other required supplementary information as listed in the table of contents, 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.

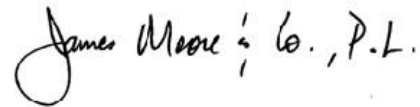
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The supplemental information, schedule of expenditures of state financial assistance, as required by Section 215.97, Florida Statutes, *Florida Single Audit Act*; and Chapter 10.550, Rules of the State of Florida, Office of the Auditor General, and other information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information and the schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2018, on our consideration of the County'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 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 County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive, flowing style.

Gainesville, Florida
June 13, 2018

Union County, Florida
Management's Discussion and Analysis
(Unaudited)

Union County, Florida's (the "County") discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the County's financial activity, (c) identify changes in the County's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the County's financial statements which follow this discussion.

Financial Highlights

- The assets of the County exceeded its liabilities at September 30, 2017 by \$14,397,334 (net position). Of this amount unrestricted net position amounted to \$(2,626,462) due to the County recording its proportionate share of the Florida Retirement System's net pension liability of \$7,923,258.
- The County's long-term debt obligations increased by \$186,006 due to new capital leases and vehicle loans.
- As of September 30, 2017, the County's governmental funds reported combined ending fund balances of \$5,330,429. Fund balances saw an increase of \$594,044 when compared to the prior year.
- The County purchased capital assets of buildings, equipment, vehicles and library materials in the amount of \$2,114,962.

Using This Annual Report

The financial statement's focus is on both the County as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the County's accountability.

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business. The focus is on "activities", rather than "fund types".

The Statement of Net Position presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. The focus of the Statement of Net Position is designed to be similar to bottom line results for the County and its governmental activities. This statement combines and consolidates governmental fund current resources (short-term spendable resources) with capital assets and long-term obligations. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

Union County, Florida
Management's Discussion and Analysis
(Unaudited)

The Statement of Activities presents information showing how the County's net position changed during the most recent fiscal year, focusing on both the gross and net costs of various activities that are supported by the government's general tax and other revenues. This is intended to summarize and simplify the user's analysis of the cost of various governmental services.

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions. The governmental activities of the County include general government, court system, law enforcement, county jail, emergency medical services, emergency management functions, solid waste services, road and street improvements and recreation projects.

The government-wide financial statements include only Union County, Florida, which is known as the primary government. The County has one component unit, which is the Union County Special Library District. The Library District (Public Library) is included as a separate non-major governmental fund in the statements that follow this discussion.

The government-wide financial statements can be found following this discussion.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over the resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spending resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the major funds. Information is presented for the non-major funds in the Combining Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balances.

Union County, Florida
Management's Discussion and Analysis
(Unaudited)

The County adopts an annual appropriated budget for all of its governmental funds, as required by state law. The County has four major governmental funds. A listing and description of the major funds is provided in the notes to financial statements. Budgetary comparison statements have been provided for the major funds to demonstrate compliance with the budget. In addition, the financial statements provide budget to actual comparisons for the non-major funds.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for governmental funds. The County's main fiduciary activity is the accounting for agency funds. The County collects monies for property taxes, traffic fines and other monies to be remitted to other governmental agencies.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. They can be found following this discussion.

Union County, Florida
Management's Discussion and Analysis
(Unaudited)

Government-Wide Financial Analysis

Statement of Net Position

The following table reflects the condensed Statement of Net Position for the current year as compared to the prior year. For more detailed information see the Statement of Net Position.

	Governmental Activities	
	2017	2016
Assets:		
Current and other assets	\$ 6,294,626	\$ 5,560,410
Capital assets	14,788,184	13,416,621
Total assets	\$ 21,082,810	\$ 18,977,031
Deferred outflow of resources	\$ 3,660,873	\$ 3,148,970
Liabilities:		
Long-term liabilities outstanding	\$ 751,958	\$ 613,760
Net pension liability	7,923,258	7,071,258
Other liabilities	1,094,048	1,152,329
Total liabilities	\$ 9,769,264	\$ 8,837,347
Deferred inflow of resources	\$ 577,085	\$ 275,494
Net position:		
Net investment in capital assets	\$ 14,083,692	\$ 12,755,750
Restricted	2,940,104	2,494,322
Unrestricted	(2,626,462)	(2,236,912)
Total net position	\$ 14,397,334	\$ 13,013,160

Approximately 98% percent of the County's net position reflects its investment in capital assets (e.g. land, buildings, improvements, infrastructure, vehicles and equipment) less any related debt used to acquire those assets that is still outstanding. The County uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Of the remaining balances, \$(2,626,462) is unrestricted net position and \$2,940,104 is restricted net position that is constrained by grant agreements, Florida Statutes or enabling legislation.

Union County, Florida
Management's Discussion and Analysis
(Unaudited)

Significant increases in net pension liabilities shown above are the result of recording the County's proportionate share of the Florida Retirement System's net pension liability.

Government-Wide Financial Analysis

Statement of Activities

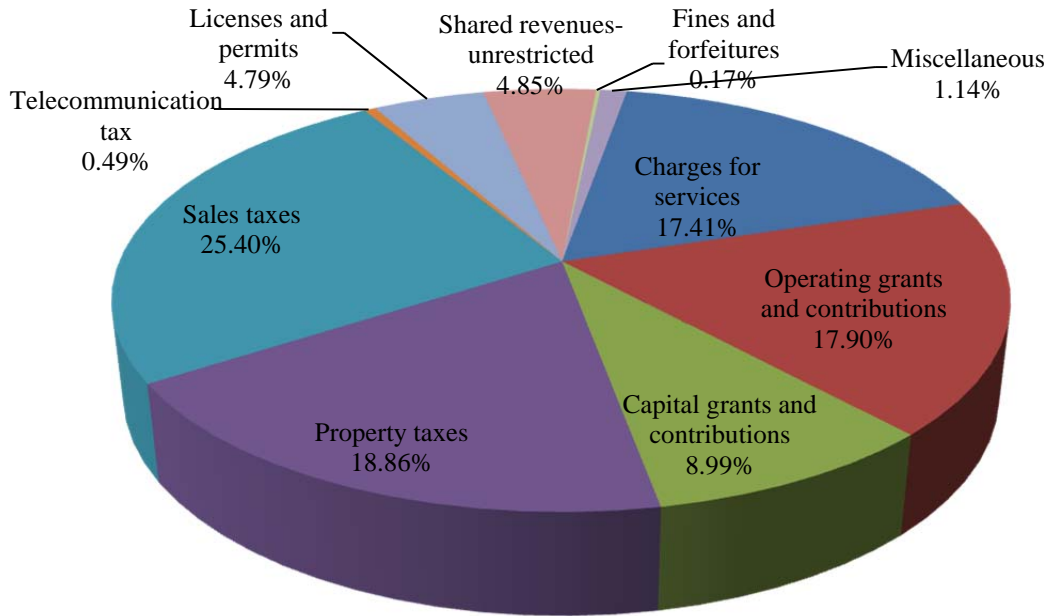
The following table reflects the condensed Statement of Activities for the current year as compared to the prior year. For more detailed information see the Statement of Activities.

	Governmental Activities	
	2017	2016
Revenues:		
Program revenues:		
Charges for services	\$ 2,086,358	\$ 2,468,962
Operating grants and contributions	2,144,919	2,606,124
Capital grants and contributions	1,077,489	852,619
General revenues:		
Property taxes	2,260,588	2,229,499
Other taxes	3,102,869	2,446,022
Other revenues	1,311,807	1,308,544
Total revenues	11,984,030	11,911,770
Expenses:		
General government	2,495,058	2,297,694
Public safety	4,506,463	4,597,837
Physical environment	1,004,420	976,727
Economic environment	375,893	583,079
Transportation	1,110,257	2,287,600
Human services	331,440	293,776
Culture and recreation	350,670	331,225
Court related	1,109,470	930,741
Interest on long-term debt	7,557	17,187
Total expenses	11,291,228	12,315,866
Changes in net position	692,802	(404,096)
Net position - beginning of year, as restated	13,704,532	13,417,256
Net position - end of year	\$ 14,397,334	\$ 13,013,160

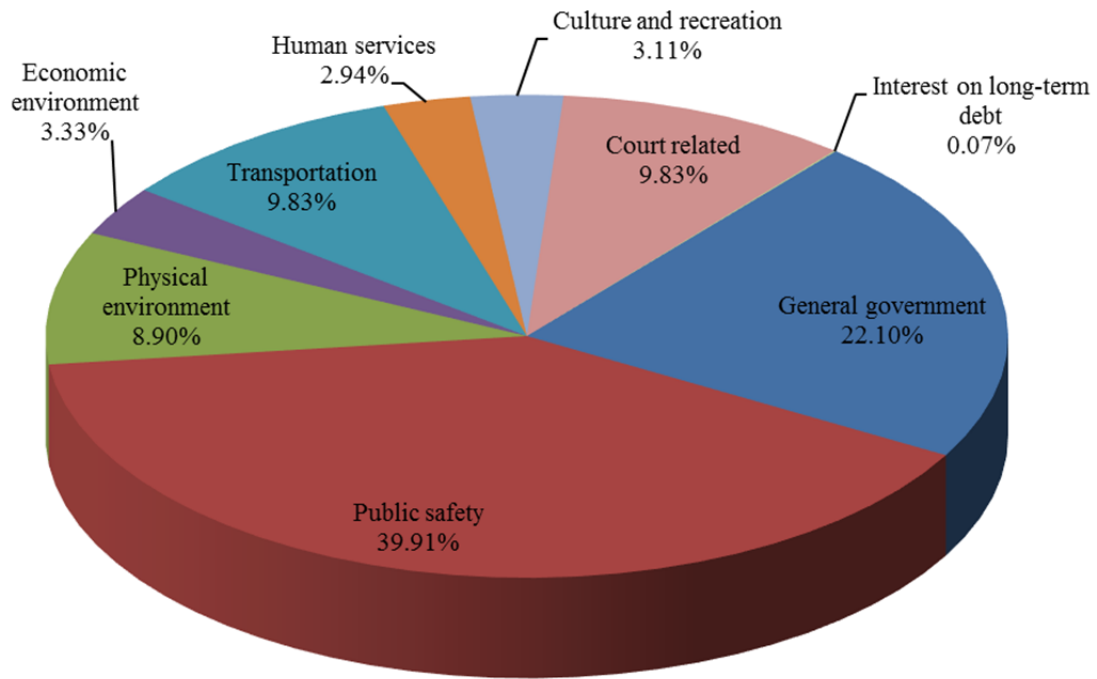
Union County, Florida
Management's Discussion and Analysis
(Unaudited)

Government-Wide Financial Analysis

Revenue by Source – Governmental Activities



Expense by Function/Program – Governmental Activities



Union County, Florida
Management's Discussion and Analysis
(Unaudited)

Financial Analysis of the County's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the County's financing requirements.

As of September 30, 2017, the County's governmental funds reported combined ending fund balances of \$5,330,429 an increase of \$594,044 in comparison with the prior year. Of the ending fund balance, \$2,271,916 is considered unassigned and can be spent at the discretion of the Board and \$2,940,104 is considered restricted, which represents the ending fund balances of the County's special revenue funds and court related IV-D grant reimbursements.

The General Fund is the chief operating fund of the County. At September 30, 2017, the unassigned fund balance of the General Fund was \$2,271,916. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 38% of total General Fund expenditures. As of September 30, 2017, the fund balance of the General Fund increased by \$223,228 when compared to the prior fiscal year ending fund balance due to increases in revenues.

The Emergency Medical Services (EMS) Fund is used to account for revenues and expenditures related to ambulance services for county residents. During the current fiscal year the Emergency Medical Service's fund balance increased by \$119,587. The increase can be attributed to an increase in charges for services. The ending fund balance of the EMS Fund was \$389,940.

The Special Law Enforcement Trust Fund is used to account for revenues and expenditures associated with the collection of forfeitures used to improve the County's Sheriff Department. The Special Law Enforcement Trust fund balance increased during the fiscal year by \$48,372. This increase is attributed to no expenditures being made during the fiscal year. The Special Law Enforcement Fund had an ending fund balance of \$1,291,685.

The Transportation Trust Fund is used to account for all revenues and expenditures for the County's transportation system. During the fiscal year, the fund balance of the Transportation Trust Fund increased \$268,807. The fund balance in the Transportation Trust Fund was \$496,453 at year end.

Union County, Florida
Management's Discussion and Analysis
(Unaudited)

Financial Analysis of the County's Funds (continued)

General Fund Budgetary Highlights

Significant variations between original and final budget amounts were due to revenues received that were unanticipated in the original budget and the associated expenditures.

Actual expenditures in the general fund were \$509,620 less than final budget amounts. The main reason for this is conservative spending.

Capital Assets

The County's investment in capital assets for its governmental type activities as of September 30, 2017 amounted to \$14,788,184 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, infrastructure, vehicles and equipment.

Major capital assets added during the current fiscal year included the following:

- Ambulance for \$181,322, and two additional vehicles totaling \$84,349.
- The Sheriff purchased three vehicles for a total cost of \$79,433.
- The County completed grant-funded widening and resurfacing of several roads for a total cost of approximately \$1 million.

The following is a summary of the County's Capital Assets:

	Governmental Activities	
	<u>2017</u>	<u>2016</u>
Land	\$ 1,077,564	\$ 1,077,564
Building and improvements	3,789,452	3,774,690
Infrastructure - roads	7,856,506	6,508,808
Vehicles	693,362	545,562
Library materials	67,169	69,057
Machinery and equipment	801,542	908,177
Assets under capital lease	363,088	264,728
Construction in progress	<u>139,501</u>	<u>268,035</u>
Total	<u>\$ 14,788,184</u>	<u>\$ 13,416,621</u>

Union County, Florida
Management's Discussion and Analysis
(Unaudited)

Financial Analysis of the County's Funds (concluded)

Long-Term Debt

A summary of long-term debt obligations of the County follows:

	Governmental Activities	
	2017	2016
Notes payable	\$ 299,651	\$ 342,911
Capital lease obligations	404,841	317,870
Landfill Long-term care costs	-	72,192
Compensated absences	310,727	333,579
Net pension liability	7,923,258	7,071,258
Total	\$ 8,938,477	\$ 8,137,810

Additional information on the County's long-term debt can be found in the Notes to the Financial Statements in this report.

Economic Factors and Next Year's Budget

There are many challenges facing local governments today. The County continues to see increases in state mandated expenditures without increases in state revenue. Unfortunately, this trend is expected to continue. Conversely, mandated expenditures, such as retirement expense, have, and are expected to continue to increase.

Requests for Information

This financial report is designed to provide a general overview of Union County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Chief Financial Officer, Clerk of Courts Office, 55 West Main Street - Room 103, Lake Butler, Florida 32054.

UNION COUNTY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

	Governmental Activities
ASSETS	
Cash and equivalents	\$ 3,878,686
Investments	727,380
Accounts receivable, net	337,131
Due from other governments	1,215,606
Prepaid expenses	135,823
Capital assets:	
Non-depreciable	1,217,065
Depreciable, net	13,571,119
Total assets	\$ 21,082,810
DEFERRED OUTFLOWS	
Deferred outflows related to pensions	\$ 3,660,873
LIABILITIES	
Accounts payable and accrued liabilities	599,411
Due to other governments	149,050
Unearned revenues	82,326
Noncurrent liabilities:	
Due within one year	263,261
Due in more than one year	751,958
Net pension liability	7,923,258
Total liabilities	\$ 9,769,264
DEFERRED INFLOWS	
Deferred inflows related to pensions	\$ 577,085
NET POSITION	
Net investment in capital assets	\$ 14,083,692
Restricted for:	
Court operations	172,168
Emergency medical services	389,940
Law enforcement	1,421,856
Transportation	496,453
Solid waste operations	285,760
Library	120,030
Other purposes	54,663
Unrestricted	(2,627,228)
Total net position	\$ 14,397,334

The accompanying notes to financial statements
are an integral part of this statement.

**UNION COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 2,495,058	\$ 237,702	\$ 24,756	\$ -	\$ (2,232,600)
Public safety	4,506,463	922,200	619,540	-	(2,964,723)
Physical environment	1,004,420	526,113	90,909	-	(387,398)
Economic environment	375,893	-	372,880	50,503	47,490
Transportation	1,110,257	223,250	505,575	1,026,986	645,554
Human services	331,440	-	-	-	(331,440)
Culture and recreation	350,670	-	87,481	-	(263,189)
Court related	1,109,470	177,093	443,778	-	(488,599)
Interest on long-term debt	7,557	-	-	-	(7,557)
Total	<u>\$ 11,291,228</u>	<u>\$ 2,086,358</u>	<u>\$ 2,144,919</u>	<u>\$ 1,077,489</u>	<u>(5,982,462)</u>
General revenues:					
Property taxes					2,260,588
Sales taxes					3,043,992
Telecommunication tax					58,877
Licenses and permits					573,847
Shared revenues-unrestricted					580,706
Fines and forfeitures					20,865
Miscellaneous					136,389
Total general revenues					<u>6,675,264</u>
Change in net position					692,802
Net position - beginning of year, as restated					<u>13,704,532</u>
Net position - end of year					<u>\$ 14,397,334</u>

The accompanying notes to financial statements
are an integral part of this statement.

**UNION COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017**

	General Fund	Emergency Medical Services	Special Law Enforcement	Transportation Trust Fund	Nonmajor Governmental Funds	Total
ASSETS						
Cash and equivalents	\$ 1,797,491	\$ 327,783	\$ 534,305	\$ 421,879	\$ 797,228	\$ 3,878,686
Investments	-	-	727,380	-	-	727,380
Accounts receivable, net	70,510	167,874	-	-	16,723	255,107
Due from other governments	830,949	-	-	194,215	245,730	1,270,894
Due from other funds	94,598	-	30,000	-	1,322	125,920
Other assets	-	-	-	2,413	-	2,413
Total assets	<u>\$ 2,793,548</u>	<u>\$ 495,657</u>	<u>\$ 1,291,685</u>	<u>\$ 618,507</u>	<u>\$ 1,061,003</u>	<u>\$ 6,260,400</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 232,997	\$ 71,311	\$ -	\$ 110,127	\$ 61,246	\$ 475,681
Accrued expenses	49,806	34,136	-	11,927	29,671	125,540
Due to other governments	110,257	270	-	-	22,132	132,659
Due to other funds	31,644	-	-	-	82,121	113,765
Unearned revenues	-	-	-	-	82,326	82,326
Total liabilities	<u>424,704</u>	<u>105,717</u>	<u>-</u>	<u>122,054</u>	<u>277,496</u>	<u>929,971</u>
Fund balances						
Restricted for:						
Court operations	97,694	-	-	-	74,474	172,168
Emergency medical services	-	389,940	-	-	-	389,940
Law enforcement	-	-	1,291,685	-	130,171	1,421,856
Transportation	-	-	-	496,453	-	496,453
Solid waste operations	-	-	-	-	285,760	285,760
Library	-	-	-	-	120,030	120,030
Other purposes	-	-	-	-	54,663	54,663
Assigned to:						
Emergency management	-	-	-	-	77,645	77,645
Landfill closure	-	-	-	-	40,764	40,764
Unassigned	2,271,150	-	-	-	-	2,271,150
Total fund balances	<u>2,368,844</u>	<u>389,940</u>	<u>1,291,685</u>	<u>496,453</u>	<u>783,507</u>	<u>5,330,429</u>
Total Liabilities and fund balances	<u>\$ 2,793,548</u>	<u>\$ 495,657</u>	<u>\$ 1,291,685</u>	<u>\$ 618,507</u>	<u>\$ 1,061,003</u>	<u>\$ 6,260,400</u>

The accompanying notes to financial statements
are an integral part of this statement.

UNION COUNTY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

Total fund balances - Governmental Funds \$ 5,330,429

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds

Total governmental capital assets - nondepreciable	1,217,065	
Total governmental capital assets - depreciable	28,129,047	
Less: accumulated depreciation	<u>(14,557,928)</u>	14,788,184

Expenditures relating to future periods are charged to the period in which it was paid (prepaid expenses)		133,410
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On the governmental fund statements, a net pension liability is not recorded until an amount is due and payable and the pension plan's fiduciary net position is not sufficient for payment of those benefits (no such liability exists at the end of the current fiscal year). On the statement of net position, the net pension liability of the defined benefit pension plans is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to pensions are also reported.

Net pension liability	(7,923,258)	
Deferred outflows related to pensions	3,660,873	
Deferred inflows related to pensions	<u>(577,085)</u>	(4,839,470)

Long-term liabilities, including bonds payable and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities, deferred outflows, and other debt-related deferred charges consist of the following:

Notes payable	(299,651)	
Capital leases	(404,841)	
Compensated absences	<u>(310,727)</u>	(1,015,219)

Net position of governmental activities		<u><u>\$ 14,397,334</u></u>
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The accompanying notes to financial statements
are an integral part of this statement.

UNION COUNTY TAX COLLECTOR
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

	General Fund	Emergency Medical Services	Special Law Enforcement	Transportation Trust Fund	Nonmajor Governmental Funds	Total
Revenues						
Taxes	\$ 2,826,939	\$ -	\$ -	\$ 954,417	\$ 110,414	\$ 3,891,770
Licenses and permits	65,618	196,626	-	-	288,775	551,019
Intergovernmental	3,273,961	128,255	-	1,030,366	1,043,138	5,475,720
Charges for services	487,985	845,302	-	-	216,113	1,549,400
Fines and forfeitures	42,964	-	12,661	-	12,438	68,063
Miscellaneous revenues	105,574	-	5,711	2,809	125,263	239,357
Total revenues	6,803,041	1,170,183	18,372	1,987,592	1,796,141	11,775,329
Expenditures						
General government	2,198,511	-	-	-	-	2,198,511
Public safety	2,517,913	1,522,666	-	-	546,097	4,586,676
Physical environment	71,097	-	-	-	888,607	959,704
Economic environment	-	-	-	-	370,045	370,045
Transportation	-	-	-	1,953,191	-	1,953,191
Human services	293,125	-	-	-	-	293,125
Culture and Recreation	71,921	-	-	-	250,134	322,055
Court related	840,101	-	-	-	23,375	863,476
Debt service:						
Principal	20,919	7,774	-	80,278	22,856	131,827
Interest	2,390	124	-	15,329	838	18,681
Total expenditures	6,015,977	1,530,564	-	2,048,798	2,101,952	11,697,291
Excess (deficiency) of revenues over (under) expenditures	787,064	(360,381)	18,372	(61,206)	(305,811)	78,038
Other financing sources (uses)						
Contributions from joint venture	-	-	-	-	330,000	330,000
Transfers in	12,600	413,268	30,000	169,546	133,168	758,582
Transfers out	(576,436)	-	-	-	(182,146)	(758,582)
Loan proceeds	-	66,700	-	119,306	-	186,006
Total other financing sources (uses)	(563,836)	479,968	30,000	288,852	281,022	516,006
Net change in fund balance	223,228	119,587	48,372	227,646	(24,789)	594,044
Fund balance, beginning of year	2,145,616	270,353	1,243,313	268,807	808,296	4,736,385
Fund balance, end of year	\$ 2,368,844	\$ 389,940	\$ 1,291,685	\$ 496,453	\$ 783,507	\$ 5,330,429

The accompanying notes to financial statements
are an integral part of this statement.

UNION COUNTY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Net change in fund balances-total governmental funds \$ 594,044

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.

Capital outlay	2,114,962	
Loss on disposal of capital assets	(132,665)	
Depreciation expense	<u>(1,302,106)</u>	680,191

The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds.

Repayment of principal of long-term debt	142,296	
Issuance of long-term debt	(186,006)	
Landfill long-term care cost	<u>72,191</u>	28,481

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Changes in:

Net change in compensated absences	22,852	
Net pension liability and related items	(641,688)	
Net change in prepaid expenses	<u>8,922</u>	(609,914)

Change in net position of governmental activities		<u><u>\$ 692,802</u></u>
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The accompanying notes to financial statements
are an integral part of this statement.

UNION COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

	<u>Agency Funds</u>
ASSETS	
Cash and equivalents	\$ 346,597
Receivables	3,027
Due from other funds	1,609
Total assets	<u><u>\$ 351,233</u></u>
LIABILITIES	
Assets held for others	\$ 311,411
Accounts payable and accrued expenses	160
Due to other funds	13,764
Due to other governments	25,898
Total liabilities	<u><u>\$ 351,233</u></u>
NET POSITION	<u><u>\$ -</u></u>

The accompanying notes to financial statements
are an integral part of this statement.

**UNION COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

I. Summary of Significant Accounting Policies

The accounting policies of Union County, Florida (the County) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

A. Reporting Entity/Legal Authority

The Board of County Commissioners is the legislative and governing body of Union County, Florida. It operates under a non-charter form of government pursuant to the authority provided in the Constitution of the State of Florida and consists of five elected officials. Union County was established by Chapter 8516, Laws of Florida in 1921. The Clerk of the Circuit Court serves as Clerk to the Board pursuant to Section 125.17, Florida Statutes.

The Union County Special Library District is considered a component unit of Union County, Florida. The Special Library District's financial transactions have been blended into the County's financial statements as a Special Revenue Fund, titled *Public Library*. The Board of County Commissioners established the Special Library District in July 1988, by adopting Ordinance 88-03. The Special Library District was created under the authority granted by Florida Statute Section 125.01.

The Board of County Commissioners and the offices of the Clerk of the Circuit Court, Sheriff, Tax Collector, Property Appraiser, and Supervisor of Elections are operated as separate County agencies in accordance with applicable provisions of Florida Statutes. The offices of the Sheriff, Property Appraiser, and Supervisor of Elections operate on a budget system, whereby County-appropriated funds are received from the Board of County Commissioners, and any unexpended appropriations are required to be returned to the Board of County Commissioners at the end of the fiscal year. The Clerk's duties as Clerk to the Board, Clerk of the County Court, and Chief Financial Officer for the County are budgeted functions, funded by the Board. The Clerk's duties as Clerk of the Circuit Court are funded by fees collected by that office. The Tax Collector's salary and benefits are funded by the Board; all other expenditures are funded by fees collected by that office. Excess fees of the Tax Collector are returned to the Board at the end of the fiscal year.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) concentrate on the County as a whole. In addition, they report information on all of the non-fiduciary activities of the County. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are separate from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

**UNION COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

I. Summary of Significant Accounting Policies (Continued)

B. Government-Wide and Fund Financial Statements (Concluded)

Separate financial statements are provided for governmental funds and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The nonmajor funds are combined in one column in the fund financial statements.

C. Measurement Focus and Basis of Accounting

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and the basis of accounting. The basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. The basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities).

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 County considers revenues to be available if they are collected within 90 days of the end of the current fiscal period; except for property taxes which is 60 days.

Property taxes, special assessments, intergovernmental revenues, charges for services, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, certain expenditure relating to future periods, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**UNION COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

I. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (concluded)

The County reports the following major governmental funds:

General Fund - The General fund is the general operating fund of the County. It is used to account for all financial resources, except those required to be accounted for in another fund. Additionally, the general fund also accounts for activities related to the general fund of each constitutional officer.

Emergency Medical Services - The Emergency Medical Services fund (a special revenue fund) is used to account for ambulance and emergency medical assistance to Union County residents.

Special Law Enforcement Trust Fund - The Special Law Enforcement Trust fund (a special revenue fund) is used to account for the proceeds of forfeitures collected by the County and used to enhance the County's Sheriff Department.

Transportation Trust Fund – The Transportation Trust Fund is used to account for all revenues and expenditures for the County's transportation system.

The County reports the following other fund type:

Agency Funds - Agency funds are used to account for assets held by the County in a custodial or trustee capacity (assets equal liabilities). Agency funds do not involve the measurement of results of operations.

D. Assets, Liabilities and Fund Equity

1. Cash and Equivalents and Investments

The institutions in which the County's monies are deposited are certified as a "Qualified Public Depository," as required under the Florida Public Deposits Act. This law requires every qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of an amount to be determined by the State Treasurer and requires the State Treasurer to ensure that funds are entirely collateralized throughout the fiscal year. Therefore, the County's total deposits are insured by the Federal Depository Insurance Corporation and the Bureau of Collateral Securities, Division of Treasury, State Department of Insurance.

2. Receivables

Accounts receivable in the amount of \$167,874 in the Emergency Medical Services Fund consists of receivables for ambulance services provided to private individuals and the State and is net of an allowance for uncollectible accounts of \$126,812. All receivables deemed to be uncollectible were written off. The County also reported \$87,233 as accounts receivable in other funds.

**UNION COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

I. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Fund Equity (Continued)

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements.

4. Capital Assets and Long-Term Liabilities

Because of the current financial resources measurement focus, the accompanying fund financial statements do not report capital assets or long-term liabilities. Such amounts are instead reported in the government-wide financial statements of the County. However, details of capital assets and long-term liabilities related to the Board are disclosed in these financial statements.

Current acquisitions of fixed assets are valued at historical cost. Capital assets must have a useful life of more than one year and an original cost of at least \$1,000. However, to a large extent, reported values are based on estimated historical cost, because actual historical cost information was not always available for older assets. Donated fixed assets are valued at their estimated acquisition value on the date donated. Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Buildings and Improvements	5 - 39 Years
Machinery and Equipment	3 - 10 Years
Vehicles	3 - 10 Years
Assets Under Capital Lease	3 - 10 Years
Infrastructure – Roads and Bridges	20 Years

5. Accounts Payable

Accounts payable balances are primarily payable to third-party vendors for goods provided and services rendered.

6. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

7. Compensated Absences

The various County agencies maintain policies that permit employees to accumulate earned but unused vacation and sick pay benefits that will be paid to employees upon separation of service if certain criteria are met. These benefits, plus their related tax and retirement costs, are classified as compensated absences. The policies of the various County agencies vary as to the amount and the vesting of employee vacation leave time and in some instances sick time. The amount of vacation time is determined by the period of employment. Gross additions and deletions for compensated absences were not determined, accordingly, only the net change in the accumulated value of compensated absences is shown for the current fiscal year.

**UNION COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

I. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Fund Balance (Continued)

8. Fund Balance

The County does not have a formal written policy regarding whether restricted or unrestricted amounts are considered to be spent when an expenditure for purposes for which both restricted and unrestricted fund balances are available. However, it has been the County's general practice when expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available; the County considers restricted funds to have been spent first. When expenditure is incurred for which assigned or unassigned fund balances are available, the County considers amounts to have been spent first out of assigned funds then unassigned funds, as needed.

9. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will, if required, report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the only item in this category consisted of deferred amounts related to pension, as discussed further in Note III(A).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the two items in this category are unavailable revenues, which will be recognized as inflows of resources in the period that the amounts become available, and deferred inflows of resources related to pensions, as discussed further in Note III(A).

10. Property Taxes

Property tax revenues are recognized when levied, to the extent that they result in current receivables. Details of the property tax calendar are presented below:

Lien date	January 1
Levy date	October 1
Discount periods	November – February
No discount period	March
Delinquent date	April 1

II. Detailed Notes on All Funds

A. Investments

Florida Statutes authorize the County to invest in bonds, notes or other obligations of the U.S. Government, certificates of deposits, repurchase agreements, certain bonds of any State or local government unit and the State Treasurer's Investment Pool.

The Florida Local Government Investment Trust (FLGIT) is a local government investment pool created by the Florida Association of Court Clerks and the Florida Association of Counties for the purpose of providing public entities with an investment program that focuses on longer term securities with the highest credit ratings. The effective maturity of the underlying investment is five years or less. At year end, the FLGIT was invested in money markets, treasury notes, asset-backed securities and Federal agency obligations. The investment type is subject to some market risk due to fluctuating prices and

**UNION COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

II. Detailed Notes on All Funds (Continued)

A. Investments (concluded)

liquidity risk due to advance redemption notification requirements. However, it has a professional investment advisor and an investment advisory board. The FLGIT maintains a credit rating of AAAf by Standard & Poor's. A copy of FLGIT's most recent financial statements can be found at <http://floridatrustonline.com>. At September 30, 2017, the County had \$727,380 invested with FLGIT.

Interest Rate Risk. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk. The County places no limit on the amount that may be invested in any one issuer.

B. Interfund Balances and Transfers

Transfers from/to other funds for the year ended September 30, 2017, were as follows:

<u>Recipient Fund</u>	<u>Amount</u>	<u>Reason for Transfer</u>
Emergency Medical Services	\$ 413,268	Transfer from General Fund to aid in operating costs
Transportation Trust	169,546	Transfer from 5-Cent Gas to cover road expenditures
Emergency Management	63,155	Transfer from General Fund to aid in operating costs
Special Law Enforcement	30,000	Transfer from General Fund to aid in jail construction
911	70,013	Transfer from General Fund to aid in operating costs
General Fund	12,600	Transfer from Local Housing for reimbursement of admin costs
	<u>\$ 758,582</u>	

As of September 30, 2017, interfund balances consisted of:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 94,598	\$ 31,644
Special Revenue Funds		
Major Funds:		
Special Law Enforcement	30,000	-
Nonmajor Funds:		
Community Development Block	-	59,634
Emergency Management	-	8,125
Clerk Records Modernization	1,322	14,362
Agency Funds:		
Clerk of the Court Agency	809	11,203
Clerk Registry of Court	-	-
Clerk Domestic Relations	800	2,561
Total	<u>\$ 127,529</u>	<u>\$ 127,529</u>

**UNION COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

II. Detailed Notes on All Funds (Continued)

C. Budgets and Budgetary Accounting

Annual budgets are legally adopted by the Board of County Commissioners, on a basis consistent with generally accepted principles for the General Fund and special revenue funds. Formal budgetary integration is employed as a management control device during the year for all governmental funds.

The annual budget is prepared at the fund, department, and division level. The department directors submit requests for appropriations to the Clerk of Courts. The Clerk submits her recommended budget to the Board of County Commissioners. Public hearings on the proposed budget are held in September. On or before October 1, the budget is adopted by the Board of County Commissioners. Transfers between funds require Board approval. If during the fiscal year, there are additional available revenues for appropriation in excess of those estimated in the budget; the Board may make supplemental appropriations for the year, up to the amount of such excess revenues. Appropriations in all funds lapse at the close of the fiscal year to the extent that it has not been re-budgeted in the following fiscal year. The fund is the legal level of budgetary control.

D. Risk Management

The County purchased insurance to limit the exposure of the following risks of loss, theft of, damage to and destruction of assets; natural disasters and injuries to employees. Commercial insurance has also been purchased by the County to cover the risks of loss due to employee errors or omissions and health insurance. Settled claims, resulting from these risks, have not exceeded insurance coverage in any of the past three years.

E. Capital Assets

Capital assets activity for the year ended September 30, 2017, was as follows:

Governmental Activities	Balance 10/1/2016	Transfers	Increases	Decreases	Balance 9/30/2017
Capital Assets, Not Being Depreciated:					
Land	\$ 1,077,564	\$ -	\$ -	\$ -	\$ 1,077,564
Construction in Progress	959,407	(959,407)	139,501	-	139,501
Total Capital Assets Not Being Depreciated	2,036,971	(959,407)	139,501	-	1,217,065
Capital Assets Being Depreciated:					
Buildings and Improvements	7,288,126	-	178,709	(4,000)	7,462,835
Infrastructure – Roads	10,440,570	959,407	978,710	-	12,378,687
Vehicles	3,270,497	-	345,104	(47,808)	3,567,793
Library Materials	245,086	-	11,657	-	256,743
Machinery and Equipment	3,843,317	-	197,440	(65,428)	3,975,329
Assets Under Capital Lease	429,638	-	263,841	(205,819)	487,660
Total Capital Assets Being Depreciated	25,517,234	959,407	1,975,461	(323,055)	28,129,047
Less Accumulated Depreciation For:					
Buildings and Improvements	3,513,436	-	159,947	-	3,673,383
Infrastructure - Roads	3,931,762	-	590,419	-	4,522,181
Vehicles	2,724,935	-	173,264	(23,768)	2,874,431
Library Materials	176,029	-	13,545	-	189,574
Machinery and Equipment	2,935,140	-	304,075	(65,428)	3,173,787
Assets Under Capital Lease	164,910	-	60,857	(101,195)	124,572
Total Accumulated Depreciation	13,446,212	-	1,302,107	(190,391)	14,557,928
Total Capital Assets, Net of Depreciation	12,071,022	959,407	673,354	(132,664)	13,571,119
Governmental Activities Capital Assets, Net	\$ 14,107,993	\$ -	\$ 812,855	\$ (132,664)	\$ 14,788,184

**UNION COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

II. Detailed Notes on All Funds (Continued)

E. Capital Assets (concluded)

Depreciation expense was charged to programs for the County as follows:

Governmental Activities	
General Government	\$ 95,312
Court Related	78,591
Public Safety	321,661
Physical Environment	46,308
Transportation	671,240
Human Services	24,859
Culture and Recreation	64,136
Total Depreciation Expense	<u>\$ 1,302,107</u>

F. Commitment/Contingencies

The County participates in state and federally assisted grant programs, which may be subject to future program compliance audits by the grantors.

G. Long-Term Liabilities

Notes Payable

The County has entered into various long-term note agreements, which are summarized below:

Note payable to Community State Bank to assist in purchase of ambulance, interest rate of 2.68%, payable from Emergency Medical Services through September 2022. Loan secured by non ad-valorem taxes.	\$ 66,700
Note payable to financial institution for vehicle, interest rate of 2.49%, payable from Union General Fund through February 2021. Loan is secured by vehicle.	76,618
Note payable to financial institution to assist in purchase of equipment, interest rate of 2.49%, payable from Union General Fund through January 2021. Loan is secured by equipment.	42,692
Note payable to financial institution to assist in purchase of a vehicle, interest rate of 2.49%, payable from Union County General Fund through November 2020. Loan is secured by vehicle.	88,000
Note payable to financial institution to assist in purchase of equipment, interest rate of 0%, payable from Union County General Fund through October 2019. Loan is secured by Equipment.	25,461
Total	<u>\$ 299,651</u>

UNION COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

II. Detailed Notes on All Funds (Continued)

G. Long-Term Liabilities (concluded)

The following schedule provides amortization of the notes payable for the next five years:

Year Ending September 30,	Principal	Interest	Total
2018	\$ 86,515	\$ 4,455	\$ 90,970
2019	88,451	2,916	91,367
2020	77,559	1,340	78,899
2021	32,574	1,340	33,914
2022	14,552	4,701	19,253
Total	\$ 299,651	\$ 14,752	\$ 314,403

Capital Leases

The County leases heavy equipment under agreements that are classified as capital leases. The agreements bear interest rates ranging from 3.00% to 7.50%. The future minimum lease payments required and the present value of the net minimum lease payments at September 30, 2017, are as follows:

Year Ending September 30,	Payment
2018	\$ 186,914
2019	31,752
2020	31,752
2021	31,572
2022	150,876
Total Minimum Lease Payments	433,046
Less: Amount Representing Interest	28,205
Present Value of Minimum Lease Payments	\$ 404,841

Amortization of leased equipment under capital assets is included with depreciation expense.

**UNION COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

II. Detailed Notes on All Funds (Continued)

The following is a summary of changes in long-term debt of the County for the year ended September 30, 2017:

	<u>Balance 10/1/16</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 9/30/17</u>	<u>Due within one year</u>
Notes Payable	\$ 342,911	\$ 66,700	\$ 109,960	\$ 299,651	\$ 86,515
Capital Lease Obligations	317,870	119,306	32,335	404,841	176,746
Landfill Long-Term Care Costs	72,192	-	72,192	-	-
Compensated absences	333,579	226,595	249,447	310,727	-
Net Pension Liability	7,071,258	852,000	-	7,923,258	-
Total Long-Term Liabilities	<u>\$ 8,137,810</u>	<u>\$ 1,264,601</u>	<u>\$ 463,934</u>	<u>\$ 8,938,477</u>	<u>\$ 263,261</u>

The total interest incurred for the year ended September 30, 2017, was \$18,681.

H. Jointly Governed Organization

New River Public Library Cooperative

The governments of Baker, Bradford and Union Counties established the New River Public Library Cooperative (the Cooperative) through an interlocal agreement, executed in 1996. The Cooperative was established to provide a single library administrative unit for the citizens of the tri-county region, in order to provide free library service to its residents. The Cooperative is governed by a Board of Directors, whose members are appointed by each participating government. The Board of Directors has control over the budgeting and financing of the Cooperative.

The Board received from New River Public Library Cooperative \$12,000, in rental charges, in fiscal year 2017. The charges include the cost of office space and utilities provided by Union County.

The Cooperative's condensed financial information, as of and for the year ended September 30, 2016 (latest available information), is hereafter presented:

Total Assets	\$ 253,475
Total Liabilities	\$ 14,114
Total Net Position	\$ 239,361
Total Revenues	\$ 346,151
Total Expenses	\$ 379,357
Change in Net Position	\$ (33,206)

A copy of the Cooperative's financial statements can be obtained by written request at the following address: 110 North Lake Avenue, Lake Butler, Florida 32054.

**UNION COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

II. Detailed Notes on All Funds (Continued)

I. Joint Venture

New River Solid Waste Association

The governments of Baker, Bradford and Union Counties established the New River Solid Waste Association (the Association) through an interlocal agreement, executed on July 5, 1988. The Association was established to provide a regional approach to solid waste management for the citizens of the tri-county region, without regard to political or governmental boundaries, in order to promote and protect the public health, welfare and safety of the citizens. The Association has all the powers and authorities enumerated in Florida Statute, Chapter 163.01, *Florida Interlocal Cooperation Act of 1969*, plus additional powers as described in the interlocal agreement, including the ability to acquire real or personal property, the ability to sue and be sued, and the ability to incur debts, borrow money, and issue evidences of indebtedness. The County has an ongoing financial responsibility for the continued existence of the Association.

The Association is governed by a Board of Directors, whose members are appointed by each participating government. The Board of Directors has control over the budgeting and financing of the Association.

The County received distributions (host fees) from the Association in the amount of \$330,000 in fiscal year 2017. The Association's condensed financial information, as of and for the year ended September 30, 2016 (latest available information), is hereafter presented:

Total Assets	\$	51,525,819
Total Deferred Outflow of Resources	\$	404,498
Total Liabilities	\$	22,206,110
Total Deferred Inflow of Resources	\$	87,089
Total Net Positions	\$	29,637,118
Total Revenues	\$	8,128,871
Total Non-Operating Revenues (Expenses)	\$	(469,184)
Total Expenses	\$	6,924,952
Change in Net Position	\$	734,735

A copy of the Association's financial statements can be obtained by written request at the following address: Post Office Box 647, Raiford, Florida 32083.

J. Fund Balances

Fund balance for governmental funds report classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. The following classifications describe the relative strength of applicable spending constraints:

**UNION COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

II. Detailed Notes on All Funds (Continued)

K. Fund Balances (concluded)

Restricted – amounts constrained to specific purposes by their providers (such as grantors and higher levels of government), through constitutional provisions or by enabling legislation.

Assigned – amounts the County intends to use for a specific purpose. Intent can be expressed by Board of County Commissioners or by an official or body which the Board delegates authority. At September 30, 2017 the County reported \$77,645 in assigned fund balance which represents excess transfers from the General Fund to the Emergency Management Fund and are assigned for public safety. In addition, at September 30, 2017, the County reported \$40,764 in assigned fund balance which represents amounts assigned for physical environment expenditures.

Unassigned – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

L. Future Accounting Pronouncements

The Governmental Accounting Standards Board (“GASB”) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for subsequent fiscal years that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the County’s financial statements:

- (a) GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in June 2015, which establishes standards for recognizing and measuring liabilities, deferred outflows or resources, deferred inflows of resources, and expense/expenditures. GASB 75 seeks to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. The provisions in GASB 75 are effective for fiscal years beginning after June 15, 2017.
- (b) GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*, in March 2016, which requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. GASB 81 enhances comparability of financial statements by providing accounting and financial reporting guidance for irrevocable split-interest agreements in which a government is a beneficiary. The provisions in GASB 81 are effective for fiscal years beginning after December 15, 2016.
- (c) GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, in November 2016. GASB 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs), which are legally enforceable liabilities associated with the retirement of a tangible capital asset. The provisions in GASB 81 are effective for periods beginning after June 15, 2018.
- (d) GASB issued Statement No. 84, *Fiduciary Activities*, in January 2017. GASB 84 improves guidance regarding the identification and reporting of fiduciary activities. The provisions in GASB 84 are effective for periods beginning after December 15, 2018.
- (e) GASB issued Statement No. 85, *Omnibus 2017*, in March 2017. GASB 85 improves guidance addressing several different accounting and financial reporting issues identified during the implementation and application of certain GASB pronouncements. The provisions in GASB 85 are effective for periods beginning after June 15, 2017.

**UNION COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

II. Detailed Notes on All Funds (Continued)

L. Future Accounting Pronouncements (concluded)

- (f) GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*, in June 2017. GASB 86 provides guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The provisions in GASB 86 are effective for periods beginning after June 15, 2017.
- (g) GASB issued Statement No. 87, *Leases*, in June 2017. GASB 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions in GASB 87 are effective for periods beginning after December 15, 2019.
- (h) GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, in April 2018. GASB 88 expands debt disclosure requirements related to direct borrowings and direct placements, while also clarifying which liabilities should be included when disclosing information related to debt. The provisions in GASB 88 are effective for periods beginning after June 15, 2018.

III. Other Information

A. Employee Retirement Systems and Plans:

i. General Information about the Pension Plan

Union County, Florida (The "County") participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the County's full-time employees. The System is a noncontributory retirement plan, administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

**UNION COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

III. Other Information (Continued)

A. Employee Retirement Systems and Plans: (Continued)

i. General Information about the Pension Plan (Continued)

In addition, all regular employees of the County are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended September 30, 2017, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both Plans may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

Employees may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, DROP, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

**UNION COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

III. Other Information (Continued)

A. Employee Retirement Systems and Plans: (Continued)

i. General Information about the Pension Plan (concluded)

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850) 413-5511; or at the Department's Web site (www.myfloridacfo.com). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from:

Florida Department of Management Services
Division of Retirement, Research and Education Services
P.O. Box 9000
Tallahassee, FL 32315-9000
850-488-5706 or toll free at 877-377-1737

Contributions

The County participates in certain classes of FRS membership. Each class has descriptions and contribution rates in effect at September 30, 2017, as follows (contribution rates are in agreement with the actuarially determined rates):

FRS Membership Plan & Class	Employee Contribution Rate	Employer Contribution Rate
Regular Class	3.00%	7.92%
Senior Management	3.00%	22.71%
Special Risk	3.00%	23.27%
DROP – Applicable to members above	0.00%	13.26%
Elected Officer Class- County	3.00%	45.50%

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll

Actual contributions made for County employees participating in FRS and HIS for the each of last three fiscal years ended September 30 were as follows:

	2017	2016	2015
Contributions – FRS	\$ 635,819	\$ 581,842	\$ 578,089
Contributions – HIS	70,174	67,071	44,493
Employee Contributions – FRS	116,005	111,998	114,077

**UNION COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

III. Other Information (Continued)

A. Employee Retirement Systems and Plans: (Continued)

ii. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2017, the County reported a liability of \$7,923,258 for its proportionate share of the net pension liability, \$6,529,072 related to FRS and \$1,394,186 to HIS. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2017 and June 30, 2016, the County's FRS proportion was 0.022073095% and 0.021987085%, respectively. At June 30, 2017 and June 30, 2016, the County's HIS proportion was 0.013038961% and 0.013182168%, respectively. For the year ended September 30, 2017, the County's recognized pension expense of \$1,186,848 from FRS and \$95,576 from HIS, for a grand total of \$1,282,424.

Deferred outflows/inflows related to pensions:

At September 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 599,213	\$ (36,166)	\$ -	\$ (2,902)
Changes of assumptions	2,194,229	-	195,974	(120,556)
Net different between projected and actual investment earnings	-	(161,806)	773	-
Change in proportionate share	463,116	(178,208)	38,777	(77,447)
Contributions subsequent to measurement date	151,830	-	16,961	-
	<u>\$ 3,408,388</u>	<u>\$ (376,180)</u>	<u>\$ 252,485</u>	<u>\$ (200,905)</u>

The above amounts for deferred outflows of resources for contributions related to pensions resulting from County contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2017. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

2017	\$ 457,688
2018	1,019,204
2019	711,681
2020	160,952
2021	443,463
Thereafter	122,009
Total	<u>\$ 2,914,997</u>

**UNION COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

III. Other Information (Continued)

A. Employee Retirement Systems and Plans: (Continued)

ii. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Actuarial assumptions:

The Actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2014 for the period July 1, 2008, through June 30, 2013. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth for both plans is assumed at 2.85%. Both the discount rate and the long-term expected rate of return used for FRS investments is 7.60%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 2.85% was used to determine the total pension for the program. This rate decreased from the prior year rate, which was 3.80%. Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables.

Long-term expected rate of return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2016, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Arithmetic Expected Rate of Return</u>
Cash	1.0%	3.0%
Fixed income	18.0%	4.5%
Global equities	53.0%	7.8%
Real estate	10.0%	6.6%
Private equity	6.0%	11.5%
Strategic investments	12.0%	6.1%
Total	<u>100.0%</u>	

**UNION COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

III. Other Information (Continued)

A. Employee Retirement Systems and Plans: (Continued)

ii. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (concluded)

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the proportionate shares of the FRS and HIS net pension liability of the County calculated using the current discount rates, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

<u>Plan</u>	<u>Current Discount Rate</u>	<u>NPL with 1% Decrease</u>	<u>NPL at Current Discount Rate</u>	<u>NPL with 1% Increase</u>
FRS	7.10%	\$ 11,817,228	\$ 6,529,072	\$ 2,138,693
HIS	3.58%	1,590,952	1,394,186	1,230,291

B. Restatement of Net Position

During the audit of the financial statements for the year ended September 30, 2017 and subsequent to the issuance of the financial statements for the period ended September 30, 2016, beginning net position for September 30, 2016 was restated to include an additional \$691,372 of construction in process related to construction projects (CR239, CR796A, and CR231A) that were not included in the prior year, increasing the beginning net position of governmental activities by that amount.

REQUIRED SUPPLEMENTARY INFORMATION

UNION COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	\$ 2,867,834	\$ 2,867,834	\$ 2,826,939	\$ (40,895)
Licenses and permits	57,300	57,300	65,618	8,318
Intergovernmental	2,640,258	2,640,258	3,273,961	633,703
Charges for services	130,300	130,300	487,985	357,685
Fines and forfeitures	-	-	42,964	42,964
Miscellaneous revenues	26,600	26,600	105,574	78,974
FS 129 Statutory Reduction	(288,915)	(288,915)	-	288,915
Total revenues	5,433,377	5,433,377	6,803,041	1,369,664
Expenditures				
General government	2,170,512	2,683,112	2,198,511	484,601
Public safety	2,501,314	2,501,314	2,517,913	(16,599)
Physical environment	92,107	92,107	71,097	21,010
Human services	319,592	319,592	293,125	26,467
Culture and recreation	70,138	70,138	71,921	(1,783)
Court related	707,883	835,913	840,101	(4,188)
Debt service:				
Principal	23,421	23,421	20,919	2,502
Interest	-	-	2,390	(2,390)
Total expenditures	5,884,967	6,525,597	6,015,977	509,620
Excess (deficiency) of revenues over (under) expenditures	(451,590)	(1,092,220)	787,064	1,879,284
Other financing sources (uses)				
Transfers in	12,600	12,600	12,600	-
Transfers out	(620,936)	(576,436)	(576,436)	-
Total other financing sources (uses)	(608,336)	(563,836)	(563,836)	-
Net change in fund balance	(1,059,926)	(1,656,056)	223,228	1,879,284
Fund balance, beginning of year	2,145,616	2,145,616	2,145,616	-
Fund balance, end of year	\$ 1,085,690	\$ 489,560	\$ 2,368,844	\$ 1,879,284

The accompanying notes to required supplementary information are an integral part of this schedule.

UNION COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - EMERGENCY MEDICAL SERVICES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Licenses and permits	\$ 193,000	\$ 193,000	\$ 196,626	\$ 3,626
Intergovernmental	-	125,681	128,255	2,574
Charges for services	855,000	855,000	845,302	(9,698)
FS 129 Statutory Reduction	(52,400)	(52,400)	-	52,400
Total revenues	<u>995,600</u>	<u>1,121,281</u>	<u>1,170,183</u>	<u>48,902</u>
Expenditures				
Public safety	1,487,832	1,683,713	1,522,666	161,047
Debt service:				
Principal	8,544	8,544	7,774	770
Interest	124	124	124	-
Total expenditures	<u>1,496,500</u>	<u>1,692,381</u>	<u>1,530,564</u>	<u>161,817</u>
				-
Excess (deficiency) of revenues over (under) expenditures	<u>(500,900)</u>	<u>(571,100)</u>	<u>(360,381)</u>	<u>210,719</u>
Other financing sources (uses)				
Transfers in	409,768	413,268	413,268	-
Loan proceeds	-	66,700	66,700	-
Total other financing sources (uses)	<u>409,768</u>	<u>479,968</u>	<u>479,968</u>	<u>-</u>
Net change in fund balance	<u>(91,132)</u>	<u>(91,132)</u>	<u>119,587</u>	<u>210,719</u>
Fund balance, beginning of year	270,353	270,353	270,353	-
Fund balance, end of year	<u><u>\$ 179,221</u></u>	<u><u>\$ 179,221</u></u>	<u><u>\$ 389,940</u></u>	<u><u>\$ 210,719</u></u>

The accompanying notes to required supplementary information are an integral part of this schedule.

UNION COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - SPECIAL LAW ENFORCEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Fines and forfeitures	\$ 1,000	\$ 1,000	\$ 12,661	\$ 11,661
Miscellaneous revenues	3,275	3,275	5,711	2,436
FS 129 Statutory Reduction	(225)	(225)	-	225
Total revenues	<u>4,275</u>	<u>4,275</u>	<u>18,372</u>	<u>14,322</u>
Other financing sources (uses)				
Transfers in	-	-	30,000	30,000
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>30,000</u>
Net change in fund balance	<u>4,275</u>	<u>4,275</u>	<u>48,372</u>	<u>44,322</u>
Fund balance, beginning of year	1,243,313	1,243,313	1,243,313	-
Fund balance, end of year	<u><u>\$ 1,247,588</u></u>	<u><u>\$ 1,247,588</u></u>	<u><u>\$ 1,291,685</u></u>	<u><u>\$ 44,322</u></u>

The accompanying notes to required supplementary information are an integral part of this schedule.

UNION COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - TRANSPORTATION TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	\$ 489,175	\$ 882,094	\$ 954,417	\$ 72,323
Intergovernmental	3,800	2,265,426	1,030,366	(1,235,060)
Miscellaneous revenues	6,650	6,650	2,809	(3,841)
FS 129 Statutory Reduction	(24,731)	(44,377)	-	44,377
Total revenues	<u>474,894</u>	<u>3,109,793</u>	<u>1,987,592</u>	<u>(1,122,201)</u>
Expenditures				
Transportation	945,127	3,206,753	1,953,191	1,253,562
Debt service:				
Principal	80,033	80,033	80,278	(245)
Interest	15,329	15,329	15,329	-
Total expenditures	<u>1,040,489</u>	<u>3,302,115</u>	<u>2,048,798</u>	<u>1,253,317</u>
				-
Excess (deficiency) of revenues over (under) expenditures	<u>(565,595)</u>	<u>(192,322)</u>	<u>(61,206)</u>	<u>131,116</u>
Other financing sources (uses)				
Transfers in	294,634	169,546	169,546	-
Transfers out	-	-	-	-
Loan proceeds	-	-	119,306	119,306
Total other financing sources (uses)	<u>294,634</u>	<u>169,546</u>	<u>288,852</u>	<u>119,306</u>
Net change in fund balance	<u>(270,961)</u>	<u>(22,776)</u>	<u>227,646</u>	<u>250,422</u>
Fund balance, beginning of year	268,807	268,807	268,807	-
Fund balance, end of year	<u>\$ (2,154)</u>	<u>\$ 246,031</u>	<u>\$ 496,453</u>	<u>\$ 250,422</u>

The accompanying notes to required supplementary information are an integral part of this schedule.

UNION COUNTY, FLORIDA
NOTE TO SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGETARY INFORMATION
SEPTEMBER 30, 2017

Note to Budgetary Comparison Schedule:

The preparation, adoption and amendment of the budgets are governed by Florida Statutes. The fund is the legal level of control. Budgets are prepared on a basis that does not differ materially from generally accepted accounting principles (GAAP). Appropriations lapse at year-end. Budgeted excess expenditures over revenues are funded through transfers in and use of fund balance reserves.

UNION COUNTY, FLORIDA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEARS
(UNAUDITED)

	As of the Plan Year Ended June 30,			
	2017	2016	2015	2014
Florida Retirement System (FRS)				
Proportion of the net pension liability	0.022073095%	0.021987085%	0.021787096%	0.020146996%
Proportionate share of the net pension liability	\$ 6,529,072	\$ 5,551,756	\$ 2,814,094	\$ 1,229,263
Covered payroll	4,227,364	4,040,432	3,531,179	3,986,652
Proportionate share of the net pension liability as a percentage of covered payroll	154.45%	137.41%	79.69%	30.83%
Plan fiduciary net position as a percentage of the total pension liability	83.89%	84.88%	92.00%	96.09%
Health Insurance Subsidy Program (HIS)				
Proportion of the net pension liability	0.013038961%	0.013182168%	0.013182168%	0.013298568%
Proportionate share of the net pension liability	\$ 1,394,186	\$ 1,519,503	\$ 1,344,375	\$ 1,243,449
Covered payroll	4,227,364	4,040,432	3,531,179	3,986,652
Proportionate share of the net pension liability as a percentage of covered payroll	32.98%	37.61%	38.07%	31.19%
Plan fiduciary net position as a percentage of the total pension liability	1.64%	0.97%	0.50%	0.99%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the County will present information for only those years for which information is available.

UNION COUNTY, FLORIDA
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS
(UNAUDITED)

	As of the Plan Year Ended June 30,			
	2017	2016	2015	2014
Florida Retirement System (FRS)				
Contractually required contribution	\$ 635,819	\$ 581,842	\$ 578,089	\$ 555,913
Contributions in relation to the contractually required contribution	(635,819)	(581,842)	(578,089)	(555,913)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,227,364	\$ 4,040,432	\$ 3,531,179	\$ 3,986,652
Contributions as a percentage of covered payroll	15.04%	14.40%	16.37%	13.94%
Health Insurance Subsidy Program (HIS)				
Contractually required contribution	\$ 70,174	\$ 67,071	\$ 44,493	\$ 47,840
Contributions in relation to the contractually required contribution	(70,174)	(67,071)	(44,493)	(47,840)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,227,364	\$ 4,040,432	\$ 3,531,179	\$ 3,986,652
Contributions as a percentage of covered payroll	1.66%	1.66%	1.26%	1.20%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the County will present information for only those years for which information is available.

SUPPLEMENTAL INFORMATION

**UNION COUNTY, FLORIDA
COMBINING BALANCE SHEET
BOARD AND OFFICER GENERAL FUNDS
SEPTEMBER 30, 2017**

	Board of County Commissioners	Clerk of Circuit Court	Sheriff	Tax Collector	Property Appraiser	Supervisor of Elections	Subtotals	Interfund Eliminations	Totals
ASSETS									
Cash and cash equivalents	\$ 1,441,591	\$ 167,447	\$ 155,057	\$ 11,243	\$ 10,306	\$ 11,847	\$ 1,797,491	\$ -	\$ 1,797,491
Accounts receivable	69,920	-	-	-	590	-	70,510	-	70,510
Due from other governments	904,849	84,448	-	-	7,194	-	996,491	165,542	830,949
Due from other funds	68,594	26,004	-	-	-	-	94,598	-	94,598
Total Assets	<u>\$ 2,484,954</u>	<u>\$ 277,899</u>	<u>\$ 155,057</u>	<u>\$ 11,243</u>	<u>\$ 18,090</u>	<u>\$ 11,847</u>	<u>\$ 2,959,090</u>	<u>\$ 165,542</u>	<u>\$ 2,793,548</u>
LIABILITIES AND FUND BALANCES									
Liabilities									
Accounts payable	\$ 69,714	\$ 34,458	\$ 127,096	\$ -	\$ -	\$ 1,729	\$ 232,997	\$ -	\$ 232,997
Accrued expenses	18,949	21,375	-	-	5,491	3,991	49,806	-	49,806
Due to other governments	94,306	123,563	27,961	11,243	12,599	6,127	275,799	165,542	110,257
Due to other funds	30,835	809	-	-	-	-	31,644	-	31,644
Total liabilities	<u>213,804</u>	<u>180,205</u>	<u>155,057</u>	<u>11,243</u>	<u>18,090</u>	<u>11,847</u>	<u>590,246</u>	<u>165,542</u>	<u>424,704</u>
Fund Balances									
Restricted for court operations	-	97,694	-	-	-	-	97,694	-	97,694
Unassigned	2,271,150	-	-	-	-	-	2,271,150	-	2,271,150
Total fund balances	<u>2,271,150</u>	<u>97,694</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,368,844</u>	<u>-</u>	<u>2,368,844</u>
Total Liabilities and Fund balances	<u>\$ 2,484,954</u>	<u>\$ 277,899</u>	<u>\$ 155,057</u>	<u>\$ 11,243</u>	<u>\$ 18,090</u>	<u>\$ 11,847</u>	<u>\$ 2,959,090</u>	<u>\$ 165,542</u>	<u>\$ 2,793,548</u>

See accompanying notes to financial statements.

UNION COUNTY, FLORIDA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BOARD AND OFFICER GENERAL FUNDS
SEPTEMBER 30, 2017

	Board of County Commissioners	Clerk of Circuit Court	Sheriff	Tax Collector	Property Appraiser	Supervisor of Elections	Subtotals	Interfund Eliminations	Totals
Revenues									
Taxes	\$ 2,826,939	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,826,939	\$ -	\$ 2,826,939
Licenses and permits	65,618	-	-	-	-	-	65,618	-	65,618
Intergovernmental	2,852,585	399,000	-	-	7,823	14,553	3,273,961	-	3,273,961
Charges for services	140,650	126,748	-	219,887	700	-	487,985	-	487,985
Fines and forfeitures	-	42,964	-	-	-	-	42,964	-	42,964
Miscellaneous revenues	102,233	1,660	-	539	1,142	-	105,574	-	105,574
Total revenues	<u>5,988,025</u>	<u>570,372</u>	<u>-</u>	<u>220,426</u>	<u>9,665</u>	<u>14,553</u>	<u>6,803,041</u>	<u>-</u>	<u>6,803,041</u>
Expenditures									
Current:									
General government	890,665	198,567	13,986	314,478	409,928	370,887	2,198,511	-	2,198,511
Public safety	497,817	-	2,020,096	-	-	-	2,517,913	-	2,517,913
Physical environment	71,097	-	-	-	-	-	71,097	-	71,097
Human services	293,125	-	-	-	-	-	293,125	-	293,125
Culture and recreation	71,921	-	-	-	-	-	71,921	-	71,921
Court related	369,245	470,856	-	-	-	-	840,101	-	840,101
Debt service:									
Principal	20,919	-	-	-	-	-	20,919	-	20,919
Interest	2,390	-	-	-	-	-	2,390	-	2,390
Total expenditures	<u>2,217,179</u>	<u>669,423</u>	<u>2,034,082</u>	<u>314,478</u>	<u>409,928</u>	<u>370,887</u>	<u>6,015,977</u>	<u>-</u>	<u>6,015,977</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,770,846</u>	<u>(99,051)</u>	<u>(2,034,082)</u>	<u>(94,052)</u>	<u>(400,263)</u>	<u>(356,334)</u>	<u>787,064</u>	<u>-</u>	<u>787,064</u>
Other financing sources (uses)									
Transfers in	12,600	-	-	-	-	-	12,600	-	12,600
Transfers out	(576,436)	-	-	-	-	-	(576,436)	-	(576,436)
Appropriations to constitutional officers	(3,113,781)	204,325	2,041,265	105,295	400,435	362,461	-	-	-
Reversions from constitutional officers	131,997	(107,272)	(7,183)	(11,243)	(172)	(6,127)	-	-	-
Total other financing sources	<u>(3,545,620)</u>	<u>97,053</u>	<u>2,034,082</u>	<u>94,052</u>	<u>400,263</u>	<u>356,334</u>	<u>(563,836)</u>	<u>-</u>	<u>(563,836)</u>
Net change in fund balances	<u>225,226</u>	<u>(1,998)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>223,228</u>	<u>-</u>	<u>223,228</u>
Fund balances, beginning of year	<u>2,045,924</u>	<u>99,692</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,145,616</u>	<u>-</u>	<u>2,145,616</u>
Fund balances, end of year	<u>\$ 2,271,150</u>	<u>\$ 97,694</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,368,844</u>	<u>\$ -</u>	<u>\$ 2,368,844</u>

See accompanying notes to financial statements.

**UNION COUNTY, FLORIDA
COMBINING BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017**

	Sheriff Surcharge	Solid Waste	CDBG	911	Emergency Management	5-Cent Gas Tax	Public Library	Local Housing	County Law Enforcement	Landfill LTC	Clerk Records Modernization	Sheriff Inmate Welfare	Intergovernmental Shared Revenue	Totals
ASSETS														
Cash and cash equivalents	\$ 33,397	\$ 287,712	\$ 2,014	\$ 28,379	\$ 8,006	\$ -	\$ 126,961	\$ 82,326	\$ 30,704	\$ 44,803	\$ 87,514	\$ 54,628	\$ 10,784	\$ 797,228
Accounts receivable, net	-	15,609	-	-	-	-	1,114	-	-	-	-	-	-	16,723
Due from other governments	713	36,993	74,597	32,111	101,171	-	7	-	138	-	-	-	-	245,730
Due from other funds	-	-	-	-	-	-	-	-	-	-	1,322	-	-	1,322
Total Assets	\$ 34,110	\$ 340,314	\$ 76,611	\$ 60,490	\$ 109,177	\$ -	\$ 128,082	\$ 82,326	\$ 30,842	\$ 44,803	\$ 88,836	\$ 54,628	\$ 10,784	\$ 1,061,003
LIABILITIES AND FUND BALANCES														
Liabilities														
Accounts payable	\$ -	\$ 19,403	\$ 15,645	\$ -	\$ 20,201	\$ -	\$ 1,958	\$ -	\$ -	\$ 4,039	\$ -	\$ -	\$ -	\$ 61,246
Accrued expenses	-	14,451	-	6,055	3,131	-	6,034	-	-	-	-	-	-	29,671
Due to other governments	-	20,700	1,297	-	75	-	60	-	-	-	-	-	-	22,132
Due to other funds	-	-	59,634	-	8,125	-	-	-	-	-	14,362	-	-	82,121
Unearned revenues	-	-	-	-	-	-	-	82,326	-	-	-	-	-	82,326
Total liabilities	-	54,554	76,576	6,055	31,532	-	8,052	82,326	-	4,039	14,362	-	-	277,496
Fund Balances:														
Restricted for:														
Court operations	-	-	-	-	-	-	-	-	-	-	74,474	-	-	74,474
Emergency medical services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Law enforcement	34,110	-	-	54,435	-	-	-	-	30,842	-	-	-	10,784	130,171
Transportation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Solid waste operations	-	285,760	-	-	-	-	-	-	-	-	-	-	-	285,760
Library	-	-	-	-	-	-	120,030	-	-	-	-	-	-	120,030
Other purposes	-	-	35	-	-	-	-	-	-	-	-	54,628	-	54,663
Assigned to:														
Emergency management	-	-	-	-	77,645	-	-	-	-	-	-	-	-	77,645
Landfill closure	-	-	-	-	-	-	-	-	-	40,764	-	-	-	40,764
Total fund balances	34,110	285,760	35	54,435	77,645	-	120,030	-	30,842	40,764	74,474	54,628	10,784	783,507
Total Liabilities and Fund balances	\$ 34,110	\$ 340,314	\$ 76,611	\$ 60,490	\$ 109,177	\$ -	\$ 128,082	\$ 82,326	\$ 30,842	\$ 44,803	\$ 88,836	\$ 54,628	\$ 10,784	\$ 1,061,003

See accompanying notes to financial statements.

UNION COUNTY, FLORIDA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

	Sheriff Surcharge	Solid Waste	CDBG	911	Emergency Management	5-Cent Gas Tax	Public Library	Local Housing	County Law Enforcement	Landfill LTC	Clerk Records Modernization	Sheriff Inmate Welfare	Intergovernmental Shared Revenue	Total
Revenues														
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 110,414	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 110,414
Licenses and permits	-	288,775	-	-	-	-	-	-	-	-	-	-	-	288,775
Intergovernmental	-	90,909	74,320	197,412	177,804	-	87,481	298,560	-	-	-	-	116,652	1,043,138
Charges for services	-	196,113	-	-	-	-	-	-	-	-	14,743	5,257	-	216,113
Fines and forfeitures	4,210	-	-	-	-	-	-	-	3,994	-	4,234	-	-	12,438
Miscellaneous revenues	10	45,186	-	48	-	-	65,726	9,763	9	61	-	-	4,460	125,263
Total revenues	4,220	620,983	74,320	197,460	177,804	-	263,621	308,323	4,003	61	18,977	5,257	121,112	1,796,141
Expenditures														
Current:														
Public safety	-	-	-	229,745	199,700	-	-	-	-	-	-	-	116,652	546,097
Physical environment	-	854,286	-	-	-	-	-	-	-	34,321	-	-	-	888,607
Economic environment	-	-	74,322	-	-	-	-	295,723	-	-	-	-	-	370,045
Culture and recreation	-	-	-	-	-	-	250,134	-	-	-	-	-	-	250,134
Court related	-	-	-	-	-	-	-	-	-	-	23,375	-	-	23,375
Debt service:														
Principal	-	22,856	-	-	-	-	-	-	-	-	-	-	-	22,856
Interest	-	838	-	-	-	-	-	-	-	-	-	-	-	838
Total expenditures	-	877,980	74,322	229,745	199,700	-	250,134	295,723	-	34,321	23,375	-	116,652	2,101,952
Excess (deficiency) of revenues over (under) expenditures	<u>4,220</u>	<u>(256,997)</u>	<u>(2)</u>	<u>(32,285)</u>	<u>(21,896)</u>	<u>-</u>	<u>13,487</u>	<u>12,600</u>	<u>4,003</u>	<u>(34,260)</u>	<u>(4,398)</u>	<u>5,257</u>	<u>4,460</u>	<u>(305,811)</u>
Other financing sources (uses)														
Contributions from joint venture	-	330,000	-	-	-	-	-	-	-	-	-	-	-	330,000
Transfers in	-	-	-	70,013	63,155	-	-	-	-	-	-	-	-	133,168
Transfers out	-	-	-	-	-	(169,546)	-	(12,600)	-	-	-	-	-	(182,146)
Total other financing sources	-	330,000	-	70,013	63,155	(169,546)	-	(12,600)	-	-	-	-	-	281,022
Net change in fund balances	<u>4,220</u>	<u>73,003</u>	<u>(2)</u>	<u>37,728</u>	<u>41,259</u>	<u>(169,546)</u>	<u>13,487</u>	<u>-</u>	<u>4,003</u>	<u>(34,260)</u>	<u>(4,398)</u>	<u>5,257</u>	<u>4,460</u>	<u>(24,789)</u>
Fund balances, beginning of year	29,890	212,757	37	16,707	36,386	169,546	106,543	-	26,839	75,024	78,872	49,371	6,324	808,296
Fund balances, end of year	<u>\$ 34,110</u>	<u>\$ 285,760</u>	<u>\$ 35</u>	<u>\$ 54,435</u>	<u>\$ 77,645</u>	<u>\$ -</u>	<u>\$ 120,030</u>	<u>\$ -</u>	<u>\$ 30,842</u>	<u>\$ 40,764</u>	<u>\$ 74,474</u>	<u>\$ 54,628</u>	<u>\$ 10,784</u>	<u>\$ 783,507</u>

See accompanying notes to financial statements.

UNION COUNTY, FLORIDA
COMBINING SCHEDULE OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2017

	Clerk of Circuit Court	Sheriff	Tax Collector	Total Agency Funds
ASSETS				
Cash and equivalents	\$ 221,246	\$ 3,225	\$ 122,126	\$ 346,597
Receivables	3,027	-	-	3,027
Due from other funds	1,609	-	-	1,609
Total assets	<u>\$ 225,882</u>	<u>\$ 3,225</u>	<u>\$ 122,126</u>	<u>\$ 351,233</u>
LIABILITIES				
Assets held for others	\$ 186,060	\$ 3,225	\$ 122,126	\$ 311,411
Accounts payable and accrued expenses	160	-	-	160
Due to other funds	13,764	-	-	13,764
Due to other governments	25,898	-	-	25,898
Total liabilities	<u>\$ 225,882</u>	<u>\$ 3,225</u>	<u>\$ 122,126</u>	<u>\$ 351,233</u>
NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

UNION COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2017

State Grantor/Pass Through Grantor/Program Title	State CSFA Number	Contract Number	Expenditures
<u>STATE FINANCIAL ASSISTANCE</u>			
Executive Officer of the Governor			
Passed through Division of Emergency Management			
Emergency Management Programs	31.063	17-BG-83-03-73-01-070	\$ 79,051
Emergency Management Programs	31.063	18-BG-W9-03-73-01-240	27,262
			<u>106,313</u>
Florida Department of Environmental Protection			
Small County Consolidated Grant	37.012	SC730	<u>90,909</u>
Florida Department of Management Services			
Wireless 911 Emergency Telephone System Rural County Grant Program	72.001	16-10-25	25,170
Wireless 911 Emergency Telephone System Rural County Grant Program	72.001	16-10-26	9,319
Wireless 911 Emergency Telephone System Rural County Grant Program	72.001	17-04-22	2,930
Wireless 911 Emergency Telephone System Rural County Grant Program	72.001	16-10-27	3,000
			<u>40,419</u>
Florida Department of State and Secretary of State			
State Aid to Libraries - Operating Grant	45.030	16-ST-41	47,443
State Aid to Libraries - Operating Grant	45.030	17-ST-40	64,302
			<u>111,745</u>
Florida Housing Finance Agency			
State Housing Initiatives Partnership	52.901	2015/2016	32,886
State Housing Initiatives Partnership	52.901	2016/2017	262,838
			<u>295,724</u>
Florida Department of Transportation			
Small County Road Assistance Program (SCRAP) - NE 233 Lane	55.016	G0905	35,842
Small County Road Assistance Program (SCRAP) - SR16 to CR125	55.016	G0904	68,377
			<u>104,219</u>
Small County Outreach Program (SCOP) - CR239	55.009	ARC80	918,853
State Highway Project Reimbursement - Traffic Signal	55.023	2016/2017	3,914
Total Florida Department of Transportation			<u>1,026,986</u>
Florida Department of Health			
Emergency Medical Services (EMS) Matching Grant	64.003	R4033	122,019
County Grant Awards	64.005	C6063	3,662
Total Florida Department of Health			<u>125,681</u>
Florida Department of Agriculture and Consumer Services			
Union County Extension and Education Center	42.044	23118	50,503
Total Expenditures of State Financial Assistance			<u><u>\$ 1,848,280</u></u>

See accompanying notes to schedule of expenditures of state financial assistance.

**UNION COUNTY, FLORIDA
NOTES TO THE SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

(1) **Basis of Presentation:**

The accompanying schedule of expenditures of state financial assistance includes the state grant activity of Union County, Florida (the County), and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Chapter 10.550, Rules of the Florida Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

(2) **Subrecipients:**

During the year ended September 30, 2017, the County provided no state awards to subrecipients.

OTHER REPORTS AND SCHEDULE

**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED BY
CHAPTER 10.550, RULES OF THE STATE OF FLORIDA, OFFICE
OF THE AUDITOR GENERAL**

To the Honorable Board of County Commissioners,
Union County, Florida:

Report on the Financial Statements

We have audited the financial statements of Union County, Florida (the County), as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated June 13, 2018.

Because the County's management has not acquired an actuarial valuation to determine the amount of its OPEB (Other Postemployment Benefits) liability and has not presented such liability in its government-wide financial statements as required by accounting principles generally accepted in the United States of America, we issued a qualified opinion on the governmental activities. The impact of such departure from generally accepted accounting principles on the liabilities, net position and expenditures of the government-wide financial statements of the County is unknown.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major State Project and Report on Internal Control over Compliance in Accordance with Chapter 10.550 Rules of the Florida Auditor General; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 13, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. No comments remain uncorrected from the second preceding year.

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. Union County, Florida was established by Chapter 8516, Laws of Florida in 1921. The Clerk of Circuit Court serves as Clerk to the Board pursuant to Section 215.17, Florida Statutes. Union County, Florida included the following component unit: The Union County Special Library District.

Financial Condition and Management

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

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Annual Financial Report

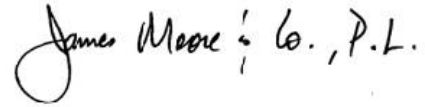
Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the annual financial report for the County for the fiscal year ended September 30, 2017, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2017. In connection with our audit, we determined that these two reports were in agreement.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Commissioners, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive, flowing style.

Gainesville, Florida
June 13, 2018

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

The Honorable Board of County Commissioners,
Union County, Florida:

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Union County, Florida (the County) as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 13, 2018.

Because the County's management has not acquired an actuarial valuation to determine the amount of its OPEB (Other Postemployment Benefits) liability and has not presented such liability in its government-wide financial statements as required by accounting principles generally accepted in the United States of America, we issued a qualified opinion on the governmental activities. The impact of such departure from generally accepted accounting principles on the liabilities, net position and expenditures of the government-wide financial statements of the County is unknown.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2017-001; that we consider to a significant deficiency.

Compliance and Other Matters

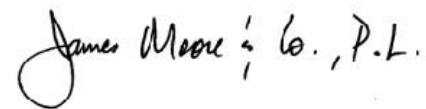
As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Union County Florida's Response to Findings

The County's response to the findings identified in our audit is described in the accompanying management's response as listed in the table of contents. The County'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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive, flowing style.

Gainesville, Florida
June 13, 2018

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE
PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH SECTION 215.97, FLORIDA STATUTES, AND CHAPTER 10.550,
RULES OF THE STATE OF FLORIDA OFFICE OF THE AUDITOR GENERAL**

To the Honorable Board of County Commissioners,
Union County, Florida:

Report on Compliance for Each Major State Project

We have audited Union County, Florida (the County)'s compliance with the types of compliance requirements described in the *Department of Financial Services'* State Projects Compliance Supplement that could have a direct and material effect on each of the County's major state projects for the year ended September 30, 2017. The County's major State projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 the audit requirements of Chapter 10.550, Rules of the Auditor General. Those standards and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state project. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major State Project

In our opinion, Union County, Florida complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended September 30, 2017.

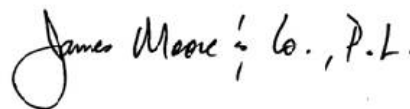
Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state project and to test and report on internal control over compliance in accordance with Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or as combination of deficiencies, in internal control over compliance with the type of compliance requirement of a state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and results of that testing based on the requirements of Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.



Gainesville, Florida
June 13, 2018

**UNION COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Section I.

Summary of Auditors' Results:

Financial Statements

Type of auditors' report issued: Qualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? X Yes None reported

Noncompliance material to financial statements noted? Yes X No

State Financial Assistance

Internal control over major state financial assistance projects:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None reported

Type of auditors' report issued on compliance for major state financial assistance projects: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550, Rules of the Auditor General? Yes X No

Identification of major state financial assistance CSFA No. 55.009, Small County Outreach Program (SCOP)
CSFA No. 64.003, EMS Matching Award

Dollar threshold used to distinguish between type A and type B state financial assistance projects: \$300,000

**UNION COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Section II. Financial Statement Findings:

Finding 2017-001: Proper Recording of Construction in Progress

Condition and Criteria: The internal controls of Union County, Florida have focused primarily on the objective of effectiveness and efficiency of operations (i.e., performance and mission goals and safeguarding of resources). However, the system of internal control over the objectives of reliability of financial reporting contains a certain deficiency. A key element of financial reporting is the ability of management to select and apply the appropriate accounting principles to prepare the financial statements in accordance with generally accepted accounting principles. We noted that the expenditure activity related to multiple capital projects was incorrectly classified during the prior year, resulting in a \$691,372 restatement to increase beginning governmental activities net position for additional capital assets.

Cause: During the year ended September 30, 2017, a certain prior period adjustment was required to be made in order to correct the government wide statements beginning net position. We proposed an adjustment to beginning net position of \$691,372, in order to correct capital project additions that were expensed at the government wide level in the prior year, that should have been recorded as construction in progress. Since the restatement was the result of a significant misstatement to beginning net position balances, this deficiency is deemed to be a significant deficiency.

Effect: Financial statements would be materially misstated if significant restatements were not made for prior period.

Recommendation: We recommend management review the depreciation and construction in progress schedule as of year-end to ensure that all capital project expenditures are accounted for correctly on the government wide presentation.

**Section III. State Financial Assistance Findings and
Questioned Costs:**

There were no audit findings for the year ended September 30, 2017.

**Section IV. State Financial Assistance Summary Schedule of
Prior Year Findings:**

There were no audit findings for the year ended September 30, 2016.

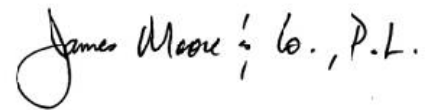
INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

The Honorable Board of County Commissioners,
Union County, Florida:

We have examined the compliance of Union County, Florida (the County) with Section 365.172, Florida Statutes, *Emergency Communications Number "E911"*, Section 365.173, Florida Statutes, *Communications Number E911 System Fund*, and Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2017. Management is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County'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 County complied with the aforementioned statutes, for the year ended September 30, 2017, in all material respects. An examination involves performing procedures to obtain evidence about the County's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, 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.

In our opinion, the County complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2017.



Gainesville, Florida
June 13, 2018

MANAGEMENT'S RESPONSE TO FINDINGS

2017-001 – Proper Recording of Construction in Progress

The County is in agreement with this finding. While all transactions related to the capital projects in question were properly budgeted for and approved, year-end classification entries to ensure the additional recording of certain activity as construction in progress were not made. These discrepancies were identified during the current year upon the completion of the relevant project. Additional tracking mechanisms have been put in place to ensure the timely identification and capitalization of construction in progress at fiscal year-end in future years.

UNION COUNTY CLERK OF THE CIRCUIT COURT

**SPECIAL PURPOSE FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT**

SEPTEMBER 30, 2017

UNION COUNTY CLERK OF THE CIRCUIT COURT

**SPECIAL PURPOSE FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT**

SEPTEMBER 30, 2017

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INDEPENDENT AUDITORS' REPORT

The Honorable Kellie Hendricks Connell,
Union County Clerk of the Circuit Court,
Union County, Florida:

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund of the Union County Clerk of the Circuit Court, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Union County Clerk of the Circuit Court's financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

- 1 -

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund for the Union County Clerk of the Circuit Court as of September 30, 2017, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund, only for that portion of the major funds, of Union County, Florida, that is attributable to the Union County Clerk of the Circuit Court. They do not purport to, and do not, present fairly the financial position of Union County, Florida as of September 30, 2017, the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. 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 budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a required part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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.

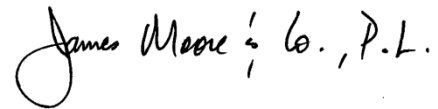
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Union County Clerk of the Circuit Court's basic financial statements. The supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplemental information is the responsibility of management and are derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report on our consideration of the Union County Clerk of the Circuit Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Union County Clerk of the Circuit Court's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive, flowing style.

Gainesville, Florida
June 13, 2018

UNION COUNTY CLERK OF THE CIRCUIT COURT
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

	<u>General Fund</u>	<u>Records Modernization</u>	<u>Total Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 167,447	\$ 87,514	\$ 254,961
Receivables	-	-	-
Due from other funds	26,004	1,322	27,326
Due from other governments	84,448	-	84,448
Total Assets	<u>\$ 277,899</u>	<u>\$ 88,836</u>	<u>\$ 366,735</u>
 Liabilities and Fund Balances			
Liabilities			
Accounts payable and accrued expenses	\$ 55,833	\$ -	\$ 55,833
Due to other funds	809	14,362	15,171
Due to other governments	123,563	-	123,563
Total Liabilities	<u>180,205</u>	<u>14,362</u>	<u>194,567</u>
 Fund Balances			
Restricted	97,694	74,474	172,168
Total Liabilities and Fund Balances	<u>\$ 277,899</u>	<u>\$ 88,836</u>	<u>\$ 366,735</u>

The accompanying notes to financial statements are an integral part of this statement.

UNION COUNTY CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

	General Fund	Records Modernization	Total Governmental Funds
Revenues			
Intergovernmental revenue	\$ 399,000	\$ -	\$ 399,000
Charges for services	126,748	14,743	141,491
Fines and forfeitures	42,964	4,234	47,198
Miscellaneous revenue	1,660	-	1,660
Total revenues	<u>570,372</u>	<u>18,977</u>	<u>589,349</u>
Expenditures			
Current:			
General government	198,567	-	198,567
Court related	470,856	23,375	494,231
Total expenditures	<u>669,423</u>	<u>23,375</u>	<u>692,798</u>
Deficiency of revenues under expenditures	<u>(99,051)</u>	<u>(4,398)</u>	<u>(103,449)</u>
Other financing sources (uses)			
Appropriations from Board of County Commissioners	204,325	-	204,325
Reversion to Board of County Commissioners	(107,272)	-	(107,272)
Total other financing sources (uses)	<u>97,053</u>	<u>-</u>	<u>97,053</u>
Net change in fund balance	<u>(1,998)</u>	<u>(4,398)</u>	<u>(6,396)</u>
Fund Balance, beginning of year	99,692	78,872	178,564
Fund Balance, end of year	<u><u>\$ 97,694</u></u>	<u><u>\$ 74,474</u></u>	<u><u>\$ 172,168</u></u>

The accompanying notes to financial statements are an integral part of this statement.

UNION COUNTY CLERK OF THE CIRCUIT COURT
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
SEPTEMBER 30, 2017

Assets

Cash and cash equivalents	\$ 221,246
Receivables	3,027
Due From other funds	1,609
Total Assets	<u><u>\$ 225,882</u></u>

Liabilities

Assets held for others	\$ 186,060
Accounts payable and accrued expenses	160
Due to other funds	13,764
Due to other governments	25,898
Total Liabilities	<u><u>\$ 225,882</u></u>

Net Position

<u><u>\$ -</u></u>

The accompanying notes to financial statements are an integral part of this statement.

UNION COUNTY CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

I. Summary of Significant Accounting Policies

The accounting policies of the Union County Clerk of the Circuit Court (the “Office”) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

A. Reporting Entity

The Clerk is an elected constitutional officer, whose office is established by Article VIII of the Constitution of the State of Florida and is governed by various provisions of state law. Union County, including the Office of the Clerk, was established by Chapter 8516, Laws of Florida in 1921.

The Office is an integral part of Union County, the reporting entity for financial reporting purposes.

B. Basis of Presentation

The Office’s financial statements are special purpose financial statements that have been prepared for the purpose of complying with the Rules of the Auditor General of the State of Florida (the Rules). In conformity with the Rules, the Office has not presented the government-wide financial statements, the reconciliations to the government-wide statements or management’s discussion and analysis.

C. Fund Accounting

Accounts are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, as appropriate for each fund type. Government resources are allocated to, and accounted for in, individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The focus of fund financial statements is on major funds, each displayed in a separate column.

The Office reports the following major governmental funds; there are no nonmajor governmental funds:

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

The Office reports the following Special Revenue fund:

Records Modernization Trust Fund- Used to account for additional recording fees, which are collected by the Clerk’s office and are earmarked for the modernization of recording service operations.

Additionally, the Office reports the following fiduciary fund type:

Agency Fund - Used to account for assets held by the Office as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Clerk’s Agency Fund is used to account for the collection and distribution of property taxes, sales tax, vehicle tags and titles, boat registrations and titles, fishing licenses, and driver’s licenses.

UNION COUNTY CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

I. Summary of Significant Accounting Policies (Continued)

D. *Measurement Focus/Basis of Accounting*

All governmental funds are accounted for on a spending or current financial resources measurement focus and the modified accrual basis of accounting. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of “available spendable resources”. Their operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets and, accordingly, are said to present a summary of sources and uses of “available spendable resources” during a period.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. The Clerk considers revenues to be available if they are collected within 90 days of the end of the current fiscal period.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, principal and interest on general long-term debt are recognized when due.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. The Clerk considers revenues to be available if they are collected within 90 days of the end of the current fiscal period.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, principal and interest on general long-term debt are recognized when due.

E. *Capital Assets and Long-Term Liabilities*

Capital assets used by the Office are capitalized (recorded and accounted for) by the Union County Board of County Commissioners.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the financial statements of the County.

F. *Cash*

All cash is placed in a bank that qualifies as a public depository pursuant to the provisions of the Florida Security for Public Deposits Act. Every qualified public depository is required by this law to deposit with the State Treasurer eligible collateral equal to, or in excess of, an amount to be determined by the State Treasurer. The State Treasurer is required to ensure that all funds are entirely insured throughout the fiscal year.

G. *Accounts Payable*

Accounts Payable balances in the general fund are primarily payable to third-party vendors for goods provided and services rendered.

**UNION COUNTY CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

I. Summary of Significant Accounting Policies (Continued)

H. Fund Balance

Fund balance for governmental funds report classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. In as much as the Clerk is a county constitutional officer, any funds remaining at the end of the fiscal year are returned to the Board of County Commissioners.

The Clerk does not have a formal written policy regarding whether restricted or unrestricted amounts are considered to be spent when an expenditure for purposes for which both restricted and unrestricted fund balances are available. However, it has been the Clerk's general practice when expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available; the Clerk considers restricted funds to have been spent first. When expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Clerk considers amounts to have been spent first out of committed funds, then assigned funds, and lastly unassigned funds, as needed.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

J. Compensated Absences

The Office follows generally accepted accounting principles in accounting for accrued compensated absences. The Office allows limited vesting of unused employee leave time. Since the annual and sick leave liability is considered long-term, it is recorded in the government wide financial statements of the County. In the past, compensated absences have been paid out of the General Fund of the Office and this practice is expected to continue in the future. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

K. Fair Value Measurement

The Office categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices for identical investments in active markets; Level 2 inputs are observable inputs other than quoted market prices; Level 3 inputs are unobservable inputs. The Office had no assets of liabilities carried at fair value at September 30, 2017.

II. Detailed Notes on All Funds

A. Investments

Florida Statutes authorize the Office to invest in bonds, notes or other obligations of the U.S. Government, certificates of deposits, repurchase agreements, certain bonds of any State or local government unit and the State Treasurer's Investment Pool.

Interest Rate Risk. The Office does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk. The Office places no limit on the amount the Office may invest in any one issuer. At September 30, 2017, the Office had no investments.

UNION COUNTY CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

II. Detailed Notes on All Funds (Continued)

B. Risk Management

The County purchased commercial insurance to limit the exposure of the following risks of loss: theft of, damage to, and destruction of assets; natural disasters and injuries to employees. Commercial insurance has been purchased by the Office to cover the risks of loss due to employee errors or omissions and health insurance. Settled claims resulting from all risks have not exceeded insurance coverage in any of the past three years.

III. Other Information

A. Florida Retirement System

(1) General Information about the Pension Plan:

The Office participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the Office's full-time employees. The System is a noncontributory retirement plan, administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the Office are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended September 30, 2017, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

**UNION COUNTY CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

III. Other Information: (Continued)

A. Florida Retirement System (Continued)

(1) General Information about the Pension Plan: (Continued)

Plan Description and Administration

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both Plans may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

Employees may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, DROP, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

Financial Statements

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850) 413-5511; or at the Department's Web site (www.myfloridacfo.com). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from:

Florida Department of Management Services
Division of Retirement, Research and Education Services
P.O. Box 9000
Tallahassee, FL 32315-9000
850-488-5706 or toll free at 877-377-1737

**UNION COUNTY CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

III. Other Information: (Continued)

A. Florida Retirement System (Continued)

(1) General Information about the Pension Plan: (Continued)

Contributions

The Organization participates in certain classes of FRS membership. Each class has descriptions and contribution rates in effect at September 30, 2017, as follows (contribution rates are in agreement with the actuarially determined rates):

FRS Membership Plan & Class	Employee Contribution Rate	Employer Contribution Rate
Regular Class	3.00%	7.92%
Senior Management	3.00%	22.71%
Special Risk	3.00%	23.27%
DROP – Applicable to members above	0.00%	13.26%
Elected Officer Class - County	3.00%	45.50%

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll

Actual contributions made for Office employees participating in FRS and HIS for the each of last three fiscal years ended September 30 were as follows:

	2017	2016	2015
Contributions – FRS	\$ 60,265	\$ 62,863	\$ 65,808
Contributions – HIS	7,375	8,110	6,352
Employee Contributions – FRS	13,328	14,657	15,123

(2) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

At September 30, 2017, the Office reported a liability of \$720,902 for its proportionate share of the net pension liability, \$572,331 related to FRS and \$148,571 to HIS. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Office's proportion of the net pension liability was based on a projection of the Office's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2017 and June 30, 2016, the Office's FRS proportion was 0.001934901% and 0.002185096%, respectively. At June 30, 2017 and June 30, 2016, the Office's HIS proportion was 0.001389488% and 0.001582630%, respectively. For the year ended September 30, 2017, the Office's recognized pension expense of \$110,942 from FRS and \$6,183 from HIS, for a grand total of \$117,125.

UNION COUNTY CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

III. Other Information: (Continued)

A. Florida Retirement System (Continued)

(2) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: (Continued)

Deferred outflows/inflows related to pensions:

At September 30, 2017, the Office reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 52,526	\$ (3,170)	\$ -	\$ (309)
Changes of assumptions	192,343	-	20,884	(12,847)
Net different between projected and actual investment earnings	-	(14,184)	82	-
Change in proportionate share	64,481	(45,829)	-	(27,261)
Contributions subsequent to measurement date	12,773	-	1,706	-
	<u>\$ 322,123</u>	<u>\$ (63,183)</u>	<u>\$ 22,672</u>	<u>\$ (40,417)</u>

The above amounts for deferred outflows of resources for contributions related to pensions resulting from Office contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2017. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

2018	\$ 43,176
2019	92,394
2020	56,828
2021	1,805
2022	27,750
Thereafter	4,763
Total	<u>\$ 226,716</u>

**UNION COUNTY CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

III. Other Information: (Continued)

A. Florida Retirement System (Continued)

(2) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: (Continued)

Actuarial assumptions:

The Actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2014 for the period July 1, 2008, through June 30, 2013. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS investments is 7.10%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.58% was used to determine was used to determine the total pension for the program. This rate increased from the prior year rate, which was 2.85%. Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables.

Long-term expected rate of return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2017, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	Long-Term Arithmetic Expected Rate of Return
Cash	1.0%	3.0%
Fixed income	18.0%	4.5%
Global equities	53.0%	7.8%
Real estate	10.0%	6.6%
Private equity	6.0%	11.5%
Strategic investments	12.0%	6.1%
Total	<u>100.0%</u>	

UNION COUNTY CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

III. Other Information: (Continued)

A. Florida Retirement System (Continued)

(2) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: (Continued)

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the proportionate shares of the FRS and HIS net pension liability of the Office calculated using the current discount rates, as well as what the Office's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

Plan	Current Discount Rate	NPL with 1% Decrease	NPL at Current Discount Rate	NPL with 1% Increase
FRS	7.10%	\$ 1,035,884	\$ 572,331	\$ 187,475
HIS	3.58%	169,539	148,571	131,105

B. Budgets and Budgetary Accounting

Governmental fund revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with the Florida Statutes. An annual budget was adopted for the General Fund. All budget amounts presented in the accompanying special purpose financial statements have been adjusted for legally authorized amendments of the annual budget for the year. The annual budget is monitored at varying levels of classification detail. However, for purposes of budgetary control, expenditures cannot legally exceed the total budget appropriations at the individual fund level. All appropriations lapse at year-end.

REQUIRED SUPPLEMENTARY INFORMATION

UNION COUNTY CLERK OF THE CIRCUIT COURT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND - BUDGET AND ACTUAL
SEPTEMBER 30, 2017

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental revenue	\$ 389,429	\$ 389,429	\$ 399,000	\$ 9,571
Charges for services	82,821	82,821	126,748	43,927
Fines and forfeitures	42,964	42,964	42,964	-
Miscellaneous revenue	20	20	1,660	1,640
Total revenues	<u>515,234</u>	<u>515,234</u>	<u>570,372</u>	<u>55,138</u>
Expenditures				
Current:				
General government	222,523	222,523	198,567	23,956
Court related	467,475	467,475	470,856	(3,381)
Total expenditures	<u>689,998</u>	<u>689,998</u>	<u>669,423</u>	<u>20,575</u>
Deficiency of revenues under expenditures	<u>(174,764)</u>	<u>(174,764)</u>	<u>(99,051)</u>	<u>75,713</u>
Other financing sources (uses)				
Appropriations from Board of County Commiss	204,325	204,325	204,325	-
Reversion to Board of County Commissioners	(76,561)	(76,561)	(107,272)	(30,711)
Total other financing sources (uses)	<u>127,764</u>	<u>127,764</u>	<u>97,053</u>	<u>(30,711)</u>
Net change in fund balance	(47,000)	(47,000)	(1,998)	45,002
Fund Balance, beginning of year	99,692	99,692	99,692	-
Fund Balance, end of year	<u>\$ 52,692</u>	<u>\$ 52,692</u>	<u>\$ 97,694</u>	<u>\$ 45,002</u>

The accompanying notes to required supplementary information are an integral part of this statement.

UNION COUNTY CLERK OF THE CIRCUIT COURT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
RECORDS MODERNIZATION TRUST FUND - BUDGET AND ACTUAL
SEPTEMBER 30, 2017

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Charges for services	12,101	12,101	14,743	2,642
Fines and forfeitures	5,999	5,999	4,234	(1,765)
Total Revenues	<u>18,100</u>	<u>18,100</u>	<u>18,977</u>	<u>877</u>
Expenditures				
Current:				
Court related	33,708	33,708	23,375	10,333
Net change in fund balance	<u>(15,608)</u>	<u>(15,608)</u>	<u>(4,398)</u>	<u>11,210</u>
Fund Balance , beginning of year	78,872	78,872	78,872	-
Fund Balance , end of year	<u><u>\$ 63,264</u></u>	<u><u>\$ 63,264</u></u>	<u><u>\$ 74,474</u></u>	<u><u>\$ 11,210</u></u>

The accompanying notes to required supplementary information are an integral part of this statement.

**UNION COUNTY CLERK OF CIRCUIT COURT
NOTE TO SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

A. Budgetary Information:

1. An annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America for the Governmental Funds. All annual appropriations lapse at fiscal year-end.

The Clerk follows these procedures in establishing the budgetary data reflected in the financial statements:

- a) The preparation, adoption and amendment of the budgets are governed by Florida Statutes. Public hearings are conducted to obtain taxpayer comments.
- b) Budget excess expenditures over revenues are funded through appropriations from the Board of County Commissioners.
- c) Formal budgetary integration is employed as a management control device during the year for the Governmental Funds. The legal level of budgetary control is the fund level.
- d) The budgets for the funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

UNION COUNTY CLERK OF CIRCUIT COURT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEAR AS OF SEPTEMBER 30
(UNAUDITED)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Florida Retirement System (FRS)				
Proportion of the net pension liability	0.001934901%	0.002185096%	0.002320508%	0.002006564%
Proportionate share of the net pension liability	\$ 572,331	\$ 551,738	\$ 299,725	\$ 122,430
Covered payroll	444,280	488,581	504,114	515,087
Proportionate share of the net pension liability as a percentage of its covered payroll	128.82%	112.93%	59.46%	23.77%
Plan fiduciary net position as a percentage of the total pension liability	83.89%	84.88%	92.00%	96.09%
Health Insurance Subsidy Program (HIS)				
Proportion of the net pension liability	0.001389488%	0.001582630%	0.001661637%	0.001733610%
Proportionate share of the net pension liability	\$ 148,571	\$ 184,449	\$ 169,461	\$ 162,097
Covered payroll	444,280	488,581	504,114	515,087
Proportionate share of the net pension liability as a percentage of its covered payroll	33.44%	37.75%	33.62%	31.47%
Plan fiduciary net position as a percentage of the total pension liability	1.64%	0.97%	0.50%	0.99%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the county will present information for only those years for which information is available.

UNION COUNTY CLERK OF CIRCUIT COURT
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEAR AS OF SEPTEMBER 30
(UNAUDITED)

	2017	2016	2015	2014
Florida Retirement System (FRS)				
Contractually required contribution	\$ 60,265	\$ 62,863	\$ 65,808	\$ 54,443
Contributions in relation to the contractually required contribution	(60,265)	(62,863)	(65,808)	(54,443)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 444,280	\$ 488,581	\$ 504,114	\$ 515,087
Contributions as a percentage of covered-employee payroll	13.56%	12.87%	13.05%	10.57%
Health Insurance Subsidy Program (HIS)				
Contractually required contribution	\$ 7,375	\$ 8,110	\$ 6,352	\$ 6,181
Contributions in relation to the contractually required contribution	(7,375)	(8,110)	(6,352)	(6,181)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 444,280	\$ 488,581	\$ 504,114	\$ 515,087
Contributions as a percentage of covered-employee payroll	1.66%	1.66%	1.26%	1.20%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the county will present information for only those years for which information is available.

SUPPLEMENTARY INFORMATION

UNION COUNTY CLERK OF THE CIRCUIT COURT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
SEPTEMBER 30, 2017

	General Agency Fund	Domestic Relations Fund	Registry of Court Fund	Total Agency Funds
Assets				
Cash and cash equivalents	\$ 33,516	\$ 3,790	\$ 183,940	\$ 221,246
Receivables	2,927	100	-	3,027
Due from other funds	809	-	800	1,609
Total Assets	<u><u>\$ 37,252</u></u>	<u><u>\$ 3,890</u></u>	<u><u>\$ 184,740</u></u>	<u><u>\$ 225,882</u></u>
Liabilities				
Assets held for others	\$ -	\$ 1,320	\$ 184,740	\$ 186,060
Accounts payable and accrued expenses	160	-	-	160
Due to other funds	11,203	2,561	-	13,764
Due to other governments	25,889	9	-	25,898
Total Liabilities	<u><u>\$ 37,252</u></u>	<u><u>\$ 3,890</u></u>	<u><u>\$ 184,740</u></u>	<u><u>\$ 225,882</u></u>
Net Position	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

ADDITIONAL INFORMATION

**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED BY
CHAPTER 10.550, RULES OF THE STATE OF FLORIDA, OFFICE
OF THE AUDITOR GENERAL**

The Honorable Kellie Hendricks Connell, Union County Clerk of the Circuit Court,
Union County, Florida:

We have audited the special purpose financial statements of the Union County Clerk of the Circuit Court, as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated June 13, 2018.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards*, and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in these reports, which are dated June 13, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Union County Clerk of the Circuit Court is an elected constitutional officer, whose office is established by Article VIII of the Constitution of the State of Florida and is governed by various provisions of state law. Union County, including the Office of the Clerk, was established by Chapter 8516, Laws of Florida in 1921. There are no component units of the Union County Clerk of the Circuit Court to be disclosed as required by accounting principles generally accepted in the United States of America.

Financial Management

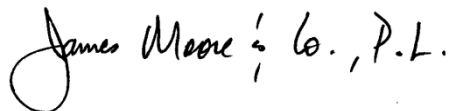
Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Union County Clerk of the Circuit Court, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "James Moore, Esq., P.L." The signature is written in a cursive style with a large, looped initial "J".

Gainesville, Florida
June 13, 2018

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

The Honorable Kellie Hendricks Connell, Union County Clerk of the Circuit Court,
Union County, Florida:

We have audited, 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, the special purpose financial statements of the Union County Clerk of the Circuit Court as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Union County Clerk of the Circuit Court's special purpose financial statements, and have issued our report thereon dated June 13, 2018, which was modified to refer to a basis of accounting required for compliance with state filing requirements, and for other reasons.

Internal Control over Financial Reporting

In planning and performing our audit of the special purpose financial statements, we considered the Union County Clerk of the Circuit Court's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the special purpose financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Union County Clerk of the Circuit Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Union County Clerk of the Circuit Court'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.

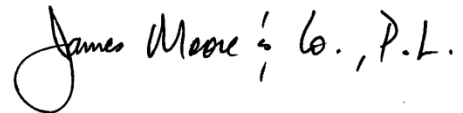
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive, flowing style.

Gainesville, Florida
June 13, 2018

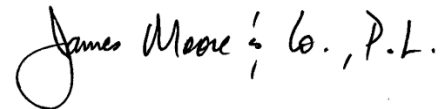
INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

The Honorable Kellie Hendricks Connell, Union County Clerk of the Circuit Court,
Union County, Florida:

We have examined the Union County Clerk of the Circuit Court's compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, and Sections 28.35, 28.36, 218.415, and 61.181 Florida Statutes, for the year ended September 30, 2017. Management is responsible for the Union County Clerk of the Circuit Court's compliance with those requirements. Our responsibility is to express an opinion on the Union County Clerk of the Circuit Court'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 Union County Clerk of the Circuit Court complied with the aforementioned requirements for the year ended September 30, 2017, in all material respects. An examination involves performing procedures to obtain evidence about the Union County Clerk of the Circuit Court's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, 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.

In our opinion, the Union County Clerk of the Circuit Court complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2017.



Gainesville, Florida
June 13, 2018

UNION COUNTY SHERIFF
SPECIAL PURPOSE FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
SEPTEMBER 30, 2017

UNION COUNTY SHERIFF
SPECIAL PURPOSE FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT

SEPTEMBER 30, 2017

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INDEPENDENT AUDITORS' REPORT

The Honorable Brad Whitehead, Union County Sheriff
Union County, Florida:

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund of the Union County Sheriff, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Union County Sheriff's financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund for the Union County Sheriff as of September 30, 2017, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund, only for that portion of the major funds, of Union County, Florida, that is attributable to the Union County Sheriff. They do not purport to, and do not, present fairly the financial position of Union County, Florida as of September 30, 2017, the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

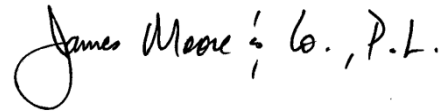
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a required 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 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 on our consideration of the Union County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Union County Sheriff's internal control over financial reporting and compliance.

Gainesville, Florida
June 13, 2018

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive, flowing style.

**UNION COUNTY SHERIFF
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017**

	<u>General Fund</u>	<u>Special Revenue Inmate Welfare Fund</u>	<u>Intergovernmental Shared Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 155,057	\$ 54,628	\$ 10,784	\$ 220,469
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable and accrued expenditures	\$ 127,096	\$ -	\$ -	\$ 127,096
Due to other governments	27,961	-	-	27,961
Total Liabilities	<u>155,057</u>	<u>-</u>	<u>-</u>	<u>155,057</u>
Fund Balance:				
Restricted	-	54,628	10,784	65,412
Unassigned	-	-	-	-
Total Fund Balances	<u>-</u>	<u>54,628</u>	<u>10,784</u>	<u>65,412</u>
Total Liabilities and Fund Balance	<u>\$ 155,057</u>	<u>\$ 54,628</u>	<u>\$ 10,784</u>	<u>\$ 220,469</u>

The accompanying notes to financial statements are an integral part of this statement.

UNION COUNTY SHERIFF
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

		Special Revenue		
	General	Inmate Welfare	Intergovernmental	Total
	Fund	Fund	Shared	Governmental
			Fund	Funds
Revenues				
Intergovernmental	\$ -	\$ -	\$ 116,652	\$ 116,652
Charges for services	-	5,257	-	5,257
Miscellaneous revenue	-	-	4,460	4,460
Total revenues	-	5,257	121,112	126,369
Expenditures				
General government	13,986	-	-	13,986
Public safety	2,020,096	-	116,652	2,136,748
Total expenditures	2,034,082	-	116,652	2,150,734
Excess (deficiency) of revenues over (under) expenditures	(2,034,082)	5,257	4,460	(2,024,365)
Other financing sources (uses)				
Appropriations from board of county commissioners	2,041,265	-	-	2,041,265
Reversion to board of county commissioners	(7,183)	-	-	(7,183)
Total other financing sources	2,034,082	-	-	2,034,082
Net change in fund balance	-	5,257	4,460	9,717
Fund balance, beginning of year	-	49,371	6,324	55,695
Fund balance, end of year	\$ -	\$ 54,628	\$ 10,784	\$ 65,412

The accompanying notes to financial statements are an integral part of this statement.

**UNION COUNTY SHERIFF
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2017**

	Fines & Bonds Fund
	<hr/>
ASSETS	
Cash and equivalents	\$ <u>3,225</u>
LIABILITIES	
Assets held for others	\$ <u>3,225</u>

The accompanying notes to financial statements are an integral part of this statement.

**UNION COUNTY SHERIFF
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

I. Summary of Significant Accounting Policies

The accounting policies of the Union County Sheriff (the “Office”) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

A. *Reporting Entity*

The Sheriff is an elected constitutional officer, whose office is established by Article VIII of the Constitution of the State of Florida and is governed by various provisions of state law. Union County, including the Office of the Sheriff, was established by Chapter 8516, Laws of Florida in 1921.

The Office is an integral part of Union County, the reporting entity for financial reporting purposes.

B. *Basis of Presentation*

The Office’s financial statements are special purpose financial statements that have been prepared for the purpose of complying with the Rules of the Auditor General of the State of Florida (the Rules). In conformity with the Rules, the Office has not presented the government-wide financial statements, the reconciliations to the government-wide statements or management’s discussion and analysis.

C. *Fund Accounting*

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

The Office reports the following major governmental funds; there are no nonmajor governmental funds:

Governmental Funds

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

Special Revenue Funds – The Inmate Welfare Special Revenue Fund is used to account for the funds that are generated by phone commissions. The profits can only be spent for the benefit of the inmates. The Intergovernmental Shared Special Revenue Fund is used to account for federal and local grant activity.

Additionally, the Sheriff reports the following fund type:

Fiduciary Funds

Agency Funds - Agency Funds are used to account for assets held by the Office in a trustee capacity, or as an agent for individuals, private organizations, and other governments.

D. *Measurement Focus/Basis of Accounting*

All governmental funds are accounted for on a current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of “available spendable resources”. Their operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets and, accordingly, are said to present a summary of sources and uses of “available spendable resources” during a period.

UNION COUNTY SHERIFF
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

I. Summary of Significant Accounting Policies (continued)

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. The Sheriff considers revenues to be available if they are collected within 90 days of the end of the current fiscal period.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, principal and interest on general long-term debt are recognized when due.

D. Cash

All cash is placed in a bank that qualifies as a public depository pursuant to the provisions of the Florida Security for Public Deposits Act. Every qualified public depository is required by this law to deposit with the State Treasurer eligible collateral equal to, or in excess of, an amount to be determined by the State Treasurer. The State Treasurer is required to ensure that all funds are entirely insured throughout the fiscal year.

E. Capital Assets and Long-Term Liabilities

Because of the current financial resources measurement focus, the accompanying fund financial statements do not report capital assets or long-term liabilities. Such amounts are instead reported in the government wide financial statements of the county.

Capital assets are defined by the County, as items with an individual cost of \$1,000 or more and an estimated useful life of one year or more. Current acquisitions of general fixed assets are valued at historical cost or estimated historical cost. Donated fixed assets are valued at their estimated acquisition value on the date donated.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

	<u>Years</u>
Vehicles	4-6
Building and Improvements	20
Computer software	3-10
Machinery and Equipment	3-20

F. Accounts Payable

Accounts Payable balances in the general fund are primarily payable to third-party vendors for goods provided and services rendered.

UNION COUNTY SHERIFF
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

I. Summary of Significant Accounting Policies (Continued)

G. Fund Balance

Fund balance for governmental funds report classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. At September 30, 2017, fund balances of the governmental funds are classified as follows:

Restricted – amounts constrained to specific purposes by their providers (such as grantors and higher levels of government), through constitutional provisions or by enabling legislation. For the Office, Inmate Welfare funds are restricted to be disbursed to benefit inmates.

Unassigned - amounts to be spent at the discretion of the Office. In as much as the Sheriff is a county constitutional officer, any funds remaining in the general fund at the end of the fiscal year are returned to the Board of County Commissioners.

The Sheriff does not have a formal written policy regarding whether restricted or unrestricted amounts are considered to be spent when an expenditure for purposes for which both restricted and unrestricted fund balances are available. However, it has been the Sheriff's general practice when expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available; the Sheriff considers restricted funds to have been spent first. When expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Sheriff considers amounts to have been spent first out of committed funds, then assigned funds, and lastly unassigned funds, as needed.

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

I. Compensated Absences

The Office follows generally accepted accounting principles in accounting for accrued compensated absences. The Office allows limited vesting of unused employee leave time for full-time employees. Employees are allowed to accumulate a maximum of 320 hours of annual leave. In addition, any employee with ten years of full-time creditable service is entitled to be paid for 25% of his or her accrued sick leave, up to a maximum of 960 hours, upon separation from employment. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. In the past, compensated absences have been paid out of the General Fund of the Office and this practice is expected to continue in the future.

J. Fair Value Measurement

The Office categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices for identical investments in active markets; Level 2 inputs are observable inputs other than quoted market prices; Level 3 inputs are unobservable inputs. As of September 30, 2017 there were no assets or liabilities recorded at fair values.

**UNION COUNTY SHERIFF
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

II. Detailed Notes on All Funds

A. Investments

Florida Statutes authorize the Office to invest in bonds, notes or other obligations of the U.S. Government, certificates of deposits, repurchase agreements, certain bonds of any State or local government unit and the State Treasurer's Investment Pool.

Interest Rate Risk. The Office does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk. The Office places no limit on the amount the Office may invest in any one issuer. At September 30, 2017, the Office used no investments.

B. Risk Management

The County purchased commercial insurance to limit the exposure of the following risks of loss: theft of, damage to, and destruction of assets; natural disasters and injuries to employees. Commercial insurance has been purchased by the Office to cover the risks of loss due to employee errors or omissions and health insurance. Settled claims resulting from all risks have not exceeded insurance coverage in any of the past three years.

C. Deferred Compensation Plan

The Office offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all of the Office's employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. During the fiscal year, employees contributed \$21,750 into the deferred compensation plan. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plan, and all income attributable to those amounts, all property and rights are (until paid or made available to the employee or other beneficiary) exclusively held for employees.

D. Changes in Capital Assets

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Machinery and equipment	\$ 988,837	\$ 108,107	\$ (65,428)	\$ 1,031,516
Building and improvements	22,317	-	-	22,317
Vehicles	781,376	79,433	(47,808)	813,001
Computer software	108,842	1,785	-	110,627
Total capital assets, being depreciated	1,901,372	189,325	(113,236)	1,977,461
Less accumulated depreciation for:				
Machinery and equipment	(725,438)	(84,097)	65,428	(744,107)
Building and improvements	(5,580)	(1,116)	-	(6,696)
Vehicles	(530,108)	(75,553)	23,768	(581,893)
Computer software	(106,400)	(1,662)	-	(108,022)
Total accumulated depreciation	(1,367,526)	(162,388)	89,196	(1,440,718)
Total capital assets being depreciated, net	\$ 533,846	\$ (26,937)	\$ (24,040)	\$ 536,743

Depreciation expense of \$162,388 was charged to the public safety function of the County.

**UNION COUNTY SHERIFF
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

II. Detailed Notes on All Funds (Continued)

E. Changes in Long-Term Debt

A summary of changes in long-term debt follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within one year</u>
Compensated absences	\$ 72,262	\$ 43,568	\$ 46,612	\$ 69,218	\$ 23,867

III. Other Information

A. Florida Retirement System

(1) General Information about the Pension Plan:

The Office participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the Office's full-time employees. The System is a noncontributory retirement plan, administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the Office are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended September 30, 2017, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

**UNION COUNTY SHERIFF
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

III. Other Information: (Continued)

A. Florida Retirement System (Continued)

(1) General Information about the Pension Plan: (Continued)

Plan Description and Administration

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both Plans may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

Employees may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, DROP, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

Financial Statements

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850) 413-5511; or at the Department's Web site (www.myfloridacfo.com). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from:

Florida Department of Management Services
Division of Retirement, Research and Education Services
P.O. Box 9000
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**UNION COUNTY SHERIFF
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

III. Other Information: (Continued)

A. Florida Retirement System (Continued)

(1) General Information about the Pension Plan: (Continued)

Contributions

The Office participates in certain classes of FRS membership. Each class has descriptions and contribution rates in effect at September 30, 2017, as follows (contribution rates are in agreement with the actuarially determined rates):

<u>FRS Membership Plan & Class</u>	<u>Employee Contribution Rate</u>	<u>Employer Contribution Rate</u>
Regular Class	3.00%	7.92%
Senior Management	3.00%	22.71%
Special Risk	3.00%	23.27%
DROP – Applicable to members above	0.00%	13.26%
Elected Officer Class - County	3.00%	45.50%

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll

Actual contributions made for Office employees participating in FRS and HIS for the each of last three fiscal years ended September 30 were as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contributions – FRS	\$ 173,730	\$ 148,054	\$ 138,363
Contributions – HIS	17,281	15,442	11,188
Employee Contributions – FRS	25,510	22,912	24,921

**UNION COUNTY SHERIFF
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

III. Other Information: (Continued)

A. Florida Retirement System (Continued)

(2) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

At September 30, 2017, the Office reported a liability of \$2,129,061 for its proportionate share of the net pension liability, \$1,779,852 related to FRS and \$349,209 to HIS. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Office's proportion of the net pension liability was based on a projection of the Office's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2017 and June 30, 2016, the Office's FRS proportion was 0.00601721680436006% and 0.00561076404641864%, respectively. At June 30, 2017 and June 30, 2016, the Office's HIS proportion was 0.00326593869844505% and 0.00300616725409584%, respectively. For the year ended September 30, 2017, the Office's recognized pension expense of \$322,854 from FRS and \$29,584 from HIS, for a grand total of \$352,438.

Deferred outflows/inflows related to pensions:

At September 30, 2017, the Office reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 163,348	\$ (9,859)	\$ -	\$ (727)
Changes of assumptions	598,156	-	49,087	(30,196)
Net different between projected and actual investment earnings	-	(44,109)	194	-
Change in proportionate share	111,760	-	25,758	(8,281)
Contributions subsequent to measurement date	47,091	-	4,970	-
	<u>\$ 920,355</u>	<u>\$ (53,968)</u>	<u>\$ 80,009</u>	<u>\$ (39,204)</u>

**UNION COUNTY SHERIFF
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

III. Other Information: (Continued)

A. Florida Retirement System (Continued)

(2) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: (Continued)

The above amounts for deferred outflows of resources for contributions related to pensions resulting from Office contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2017. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

2018	\$	126,339
2019		279,414
2020		201,608
2021		60,396
2022		135,902
Thereafter		51,472
Total	\$	<u>855,131</u>

Actuarial assumptions:

The Actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2014 for the period July 1, 2008, through June 30, 2013. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS investments is 7.10%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.58% was used to determine the total pension for the program. This rate increased from the prior year rate, which was 2.85%. Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables.

**UNION COUNTY SHERIFF
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

III. Other Information: (Continued)

A. Florida Retirement System (Continued)

(2) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: (Continued)

Long-term expected rate of return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2017, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Arithmetic Expected Rate of Return</u>
Cash	1.0%	3.0%
Fixed income	18.0%	4.5%
Global equities	53.0%	7.8%
Real estate	10.0%	6.6%
Private equity	6.0%	11.5%
Strategic investments	12.0%	6.1%
Total	<u>100.0%</u>	

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the proportionate shares of the FRS and HIS net pension liability of the Office calculated using the current discount rates, as well as what the Office's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

<u>Plan</u>	<u>Current Discount Rate</u>	<u>NPL with 1% Decrease</u>	<u>NPL at Current Discount Rate</u>	<u>NPL with 1% Increase</u>
FRS	7.10%	\$ 3,221,425	\$ 1,779,852	\$ 583,017
HIS	3.58%	398,494	349,209	308,158

**UNION COUNTY SHERIFF
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

III. Other Information (Continued)

B. Budgets and Budgetary Accounting

Governmental fund revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with the Florida Statutes. An annual budget was adopted for the General Fund. All budget amounts presented in the accompanying special purpose financial statements have been adjusted for legally authorized amendments of the annual budget for the year. The annual budget is monitored at varying levels of classification detail. However, for purposes of budgetary control, expenditures cannot legally exceed the total budget appropriations at the individual fund level. All appropriations lapse at year-end.

REQUIRED SUPPLEMENTARY INFORMATION

UNION COUNTY SHERIFF
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures				
General government	24,640	24,640	13,986	10,654
Public safety	<u>2,016,625</u>	<u>2,016,625</u>	<u>2,020,096</u>	<u>(3,471)</u>
Total expenditures	<u>2,041,265</u>	<u>2,041,265</u>	<u>2,034,082</u>	<u>7,183</u>
Deficiency of revenues under expenditures	<u>(2,041,265)</u>	<u>(2,041,265)</u>	<u>(2,034,082)</u>	<u>7,183</u>
Other financing sources (uses)				
Appropriations from board of county commissioners	2,041,265	2,041,265	2,041,265	-
Reversion to board of county commissioners	<u>-</u>	<u>-</u>	<u>(7,183)</u>	<u>(7,183)</u>
Total other financing sources (uses)	<u>2,041,265</u>	<u>2,041,265</u>	<u>2,034,082</u>	<u>(7,183)</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The accompanying note to schedule of revenues, expenditures, and changes in fund balance - budget to actual - governmental funds is an integral part of this schedule.

UNION COUNTY SHERIFF
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - INTERGOVERNMENTAL SHARED SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$ 119,673	\$ 119,673	\$ 116,652	\$ (3,021)
Miscellaneous revenue	-	-	4,460	4,460
Total revenues	<u>119,673</u>	<u>119,673</u>	<u>121,112</u>	<u>1,439</u>
Expenditures				
Public safety	<u>119,673</u>	<u>119,673</u>	<u>116,652</u>	<u>3,021</u>
Total expenditures	<u>119,673</u>	<u>119,673</u>	<u>116,652</u>	<u>3,021</u>
Excess of revenues under expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year	6,324	6,324	6,324	-
Fund balance, end of year	<u><u>\$ 6,324</u></u>	<u><u>\$ 6,324</u></u>	<u><u>\$ 6,324</u></u>	<u><u>\$ -</u></u>

The accompanying note to schedule of revenues, expenditures, and changes in fund balance - budget to actual - governmental funds is an integral part of this schedule.

**UNION COUNTY SHERIFF
NOTE TO SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

A. Budgetary Information:

1. An annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund. All annual appropriations lapse at fiscal year-end.

The Sheriff follows these procedures in establishing the budgetary data reflected in the financial statements:

- a) The preparation, adoption and amendment of the budgets are governed by Florida Statutes. Public hearings are conducted to obtain taxpayer comments.
- b) Budget excess expenditures over revenues are funded through appropriations from the Board of Office Commissioners.
- c) Formal budgetary integration is employed as a management control device during the year for the General Fund. The legal level of budgetary control is the fund level.
- d) The budgets for the funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

UNION COUNTY SHERIFF
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEARS AS OF SEPTEMBER 30
(UNAUDITED)

	2017	2016	2015	2014
Florida Retirement System (FRS)				
Proportion of the net pension liability	0.006017217%	0.005610764%	0.005214528%	0.005125844%
Proportionate share of the net pension liability	\$ 1,779,852	\$ 1,416,722	\$ 673,526	\$ 312,752
Covered payroll	1,041,002	930,259	938,883	932,341
Proportionate share of the net pension liability as a percentage of its covered payroll	170.97%	152.29%	71.74%	33.54%
Plan fiduciary net position as a percentage of the total pension liability	83.89%	84.88%	92.00%	96.09%
Health Insurance Subsidy Program (HIS)				
Proportion of the net pension liability	0.003265939%	0.003006167%	0.003094755%	0.003137990%
Proportionate share of the net pension liability	\$ 349,209	\$ 350,356	\$ 315,616	\$ 293,410
Covered payroll	1,041,002	930,259	938,883	932,341
Proportionate share of the net pension liability as a percentage of its covered payroll	33.55%	37.66%	33.62%	31.47%
Plan fiduciary net position as a percentage of the total pension liability	1.64%	0.97%	0.50%	0.99%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the county will present information for only those years for which information is available.

**UNION COUNTY SHERIFF
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS AS OF SEPTEMBER 30
(UNAUDITED)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Florida Retirement System (FRS)				
Contractually required contribution	\$ 173,730	\$ 148,054	\$ 138,363	\$ 129,202
Contributions in relation to the contractually required contribution	<u>(173,730)</u>	<u>(148,054)</u>	<u>(138,363)</u>	<u>(129,202)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered payroll	 \$ 1,041,002	 \$ 930,259	 \$ 938,883	 \$ 932,341
Contributions as a percentage of covered payroll	16.69%	15.92%	14.74%	13.86%
 Health Insurance Subsidy Program (HIS)				
Contractually required contribution	\$ 17,281	\$ 15,442	\$ 11,830	\$ 11,188
Contributions in relation to the contractually required contribution	<u>(17,281)</u>	<u>(15,442)</u>	<u>(11,830)</u>	<u>(11,188)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered payroll	 \$ 1,041,002	 \$ 930,259	 \$ 938,883	 \$ 932,341
Contributions as a percentage of covered payroll	1.66%	1.66%	1.26%	1.20%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the county will present information for only those years for which information is available.

ADDITIONAL INFORMATION

**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED BY
CHAPTER 10.550, RULES OF THE STATE OF FLORIDA, OFFICE
OF THE AUDITOR GENERAL**

The Honorable Brad Whitehead, Union County Sheriff
Union County, Florida:

Report on the Financial Statements

We have audited the special purpose financial statements of the Union County Sheriff, as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated June 13, 2018.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards*, and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in these reports, which are dated June 13, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Union County Sheriff is an elected constitutional officer, whose office is established by Article VIII of the Constitution of the State of Florida and is governed by various provisions of state law. Union County, including the Office of the Sheriff, was established by Chapter 8516, Laws of Florida in 1921. There are no component units of the Union County Sheriff to be disclosed as required by accounting principles generally accepted in the United States of America.

Financial Management

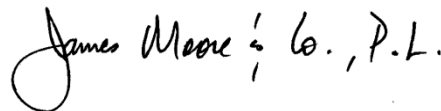
Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Other Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Union County Sheriff and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive, flowing style.

Gainesville, Florida
June 13, 2018

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

The Honorable Brad Whitehead, Union County Sheriff
Union County, Florida

We have audited, 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, the financial statements of the general fund of the Union County Sheriff as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Union County Sheriff's special purpose financial statements, and have issued our report thereon dated June 13, 2018, which was modified to refer to a basis of accounting required for compliance with state filing requirements, and for other reasons.

Internal Control over Financial Reporting

In planning and performing our audit of the special purpose financial statements, we considered the Union County Sheriff's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the special purpose financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Union County Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Union County Sheriff'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.

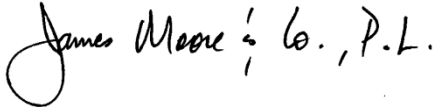
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given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

Compliance and Other Matters

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

Purpose of this Report

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

James Moore & Co., P.L.

Gainesville, Florida
June 13, 2018

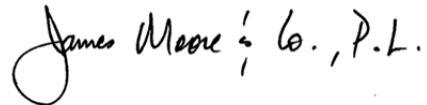
INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

The Honorable Brad Whitehead, Union County Sheriff
Union County, Florida:

We have examined the Union County Sheriff's compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2017. Management is responsible for the Union County Sheriff's compliance with those requirements. Our responsibility is to express an opinion on the Union County Sheriff'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 Union County Sheriff complied with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2017, in all material respects. An examination involves performing procedures to obtain evidence about the Union County Sheriff's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, 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.

In our opinion, the Union County Sheriff complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2017.



Gainesville, Florida
June 13, 2018

UNION COUNTY TAX COLLECTOR
SPECIAL PURPOSE FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
SEPTEMBER 30, 2017

UNION COUNTY TAX COLLECTOR
SPECIAL PURPOSE FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT

SEPTEMBER 30, 2017

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INDEPENDENT AUDITORS' REPORT

The Honorable Lisa B. Johnson, Union County Tax Collector,
Union County, Florida:

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund of the Union County Tax Collector, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Union County Tax Collector's financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

- 1 -

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund for the Union County Tax Collector as of September 30, 2017, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund, only for that portion of the major funds, of Union County, Florida, that is attributable to the Union County Tax Collector. They do not purport to, and do not, present fairly the financial position of Union County, Florida as of September 30, 2017, the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

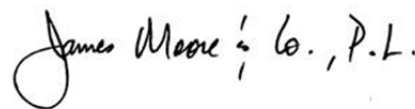
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a required part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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 on our consideration of the Union County Tax Collector's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Union County Tax Collector's internal control over financial reporting and compliance.



Gainesville, Florida
June 13, 2018

**UNION COUNTY TAX COLLECTOR
BALANCE SHEET
GOVERNMENTAL FUND
SEPTEMBER 30, 2017**

	<u>General Fund</u>
Assets	
Cash and equivalents	<u>\$ 11,243</u>
Liabilities and Fund Balance	
Liabilities	
Due to other governments	\$ 11,243
Fund balance	
Unassigned	-
Total Liabilities and Fund Balance	<u><u>\$ 11,243</u></u>

The accompanying notes to financial statements are an integral part of this statement.

UNION COUNTY TAX COLLECTOR
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
SEPTEMBER 30, 2017

	<u>General Fund</u>
Revenues	
Charges for services	\$ 219,887
Miscellaneous revenue	539
Total revenues	<u>220,426</u>
Expenditures	
General government	314,478
Deficiency of revenues under expenditures	<u>(94,052)</u>
Other financing sources (uses)	
Appropriations from Board of County Commissioners	105,295
Reversion to Board of County Commissioners	(11,243)
Total other financing sources	<u>94,052</u>
Net change in fund balance	<u>-</u>
Fund balance, beginning of year	-
Fund balance, end of year	<u><u>\$ -</u></u>

The accompanying notes to financial statements are an integral part of this statement.

**UNION COUNTY TAX COLLECTOR
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2017**

	Agency Fund
	<hr/>
Assets	
Cash and equivalents	<u><u>\$ 122,126</u></u>
Liabilities	
Assets held for others	<u><u>\$ 122,126</u></u>
Net Position	<u><u>\$ -</u></u>

The accompanying notes to financial statements are an integral part of this statement.

**UNION COUNTY TAX COLLECTOR
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

I. Summary of Significant Accounting Policies

The accounting policies of the Union County Tax Collector (the “Office”) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

A. Reporting Entity

The Tax Collector is an elected constitutional officer, whose office is established by Article VIII of the Constitution of the State of Florida and is governed by various provisions of state law. Union County, including the Office of the Tax Collector, was established by Chapter 8516, Laws of Florida in 1921.

The Office is an integral part of Union County, the reporting entity for financial reporting purposes.

B. Basis of Presentation

The Office’s financial statements are special purpose financial statements that have been prepared for the purpose of complying with the Rules of the Auditor General of the State of Florida (the Rules). In conformity with the Rules, the Office has not presented the government-wide financial statements, the reconciliations to the government-wide statements or management’s discussion and analysis.

C. Fund Accounting

Accounts are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, as appropriate for each fund type. Government resources are allocated to, and accounted for in, individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The focus of fund financial statements is on major funds, each displayed in a separate column.

The Office reports the following major governmental fund; there are no non-major governmental funds:

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

Additionally, the Tax Collector reports the following fiduciary fund type:

Agency Fund - Used to account for assets held by the Office as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Tax Collector’s Agency Fund is used to account for the collection and distribution of property taxes, sales tax, vehicle tags and titles, boat registrations and titles, fishing licenses, and driver’s licenses.

D. Measurement Focus/Basis of Accounting

All governmental funds are accounted for on a spending or current financial resources measurement focus and the modified accrual basis of accounting. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of “available spendable resources”. Their operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets and, accordingly, are said to present a summary of sources and uses of “available spendable resources” during a period.

**UNION COUNTY TAX COLLECTOR
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

I. Summary of Significant Accounting Policies (Continued)

D. Measurement Focus/Basis of Accounting (Continued)

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. The Tax Collector considers revenues to be available if they are collected within 90 days of the end of the current fiscal period.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, principal and interest on general long-term debt are recognized when due.

E. Capital Assets and Long-Term Liabilities

Capital assets used by the Office are capitalized (recorded and accounted for) by the Union County Board of County Commissioners.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the financial statements of the County.

F. Cash

All cash is placed in a bank that qualifies as a public depository pursuant to the provisions of the Florida Security for Public Deposits Act. Every qualified public depository is required by this law to deposit with the State Treasurer eligible collateral equal to, or in excess of, an amount to be determined by the State Treasurer. The State Treasurer is required to ensure that all funds are entirely insured throughout the fiscal year.

G. Accounts Payable

Accounts Payable balances in the general fund are primarily payable to third-party vendors for goods provided and services rendered.

H. Fund Balance

Fund balance for governmental funds report classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. In as much as the Tax Collector is a county constitutional officer, any funds remaining at the end of the fiscal year are returned to the Board of County Commissioners.

The Tax Collector does not have a formal written policy regarding whether restricted or unrestricted amounts are considered to be spent when an expenditure for purposes for which both restricted and unrestricted fund balances are available. However, it has been the Tax Collector's general practice when expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available; the Tax Collector considers restricted funds to have been spent first. When expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Tax Collector considers amounts to have been spent first out of committed funds, then assigned funds, and lastly unassigned funds, as needed.

**UNION COUNTY TAX COLLECTOR
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

I. Summary of Significant Accounting Policies (Continued)

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

J. Compensated Absences

The Office follows generally accepted accounting principles in accounting for accrued compensated absences. The Office allows limited vesting of unused employee leave time. Since the annual and sick leave liability is considered long-term, it is recorded in the government wide financial statements of the County. In the past, compensated absences have been paid out of the General Fund of the Office and this practice is expected to continue in the future. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

K. Fair Value Measurement

The Office categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices for identical investments in active markets; Level 2 inputs are observable inputs other than quoted market prices; Level 3 inputs are unobservable inputs.

II. Detailed Notes on All Funds

A. Investments

Florida Statutes authorize the Office to invest in bonds, notes or other obligations of the U.S. Government, certificates of deposits, repurchase agreements, certain bonds of any State or local government unit and the State Treasurer's Investment Pool.

Interest Rate Risk. The Office does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk. The Office places no limit on the amount the Office may invest in any one issuer. At September 30, 2017, the Office had no investments.

B. Risk Management

The County purchased commercial insurance to limit the exposure of the following risks of loss: theft of, damage to, and destruction of assets; natural disasters and injuries to employees. Commercial insurance has been purchased by the Office to cover the risks of loss due to employee errors or omissions and health insurance. Settled claims resulting from all risks have not exceeded insurance coverage in any of the past three years.

**UNION COUNTY TAX COLLECTOR
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

II. Detailed Notes on All Funds (continued)

C. Changes in Long-Term Debt

A summary of changes in long-term debt follows:

	<u>Beginning Balance</u>		<u>Additions</u>		<u>Reductions</u>		<u>Ending Balance</u>		<u>Due within one year</u>
Compensated absences	\$ 2,661	\$	3,862	\$	1,881	\$	4,642	\$	1,242

III. Other Information

A. Florida Retirement System

(1) General Information about the Pension Plan:

The Office participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the Office's full-time employees. The System is a noncontributory retirement plan, administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the Office are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended September 30, 2017, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

**UNION COUNTY TAX COLLECTOR
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

III. Other Information: (Continued)

A. Florida Retirement System (Continued)

(1) General Information about the Pension Plan: (Continued)

Plan Description and Administration

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both Plans may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

Employees may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, DROP, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

Financial Statements

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850) 413-5511; or at the Department's Web site (www.myfloridacfo.com). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from:

Florida Department of Management Services
Division of Retirement, Research and Education Services
P.O. Box 9000
Tallahassee, FL 32315-9000
850-488-5706 or toll free at 877-377-1737

**UNION COUNTY TAX COLLECTOR
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

III. Other Information: (Continued)

A. Florida Retirement System (Continued)

(1) General Information about the Pension Plan: (Continued)

Contributions

The Office participates in certain classes of FRS membership. Each class has descriptions and contribution rates in effect at September 30, 2017, as follows (contribution rates are in agreement with the actuarially determined rates):

<u>FRS Membership Plan & Class</u>	<u>Employee Contribution Rate</u>	<u>Employer Contribution Rate</u>
Regular Class	3.00%	7.92%
Senior Management	3.00%	22.71%
Special Risk	3.00%	23.27%
DROP – Applicable to members above	0.00%	13.26%
Elected Officer Class - County	3.00%	45.50%

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll

Actual contributions made for Office employees participating in FRS and HIS for the each of last three fiscal years ended September 30 were as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contributions – FRS	\$ 45,054	\$ 44,393	\$ 45,865
Contributions – HIS	3,066	3,012	2,240
Employee Contributions – FRS	5,541	5,444	5,333

**UNION COUNTY TAX COLLECTOR
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

III. Other Information: (Continued)

A. Florida Retirement System (Continued)

(2) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

At September 30, 2017, the Office reported a liability of \$572,887 for its proportionate share of the net pension liability, \$510,927 related to FRS and \$61,960 to HIS. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Office's proportion of the net pension liability was based on a projection of the Office's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2017 and June 30, 2016, the Office's FRS proportion was 0.001727311% and 0.001817673%, respectively. At June 30, 2017 and June 30, 2016, the Office's HIS proportion was 0.000579474% and 0.000587864%, respectively. For the year ended September 30, 2017, the Office's recognized pension expense of \$110,435 from FRS and \$3,372 from HIS, for a grand total of \$113,807.

Deferred outflows/inflows related to pensions:

At September 30, 2017, the Office reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 46,891	\$ (2,830)	\$ -	\$ (129)
Changes of assumptions	171,708	-	8,709	(5,358)
Net different between projected and actual investment earnings	-	(12,662)	34	-
Change in proportionate share	74,113	(17,687)	133	(4,983)
Contributions subsequent to measurement date	12,077	-	767	-
	<u>\$ 304,789</u>	<u>\$ (33,179)</u>	<u>\$ 9,643</u>	<u>\$ (10,470)</u>

**UNION COUNTY TAX COLLECTOR
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

III. Other Information: (Continued)

A. Florida Retirement System (Continued)

(2) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: (Continued)

The above amounts for deferred outflows of resources for contributions related to pensions resulting from Office contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2017. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

2018	\$	52,506
2019		96,452
2020		60,468
2021		9,264
2022		31,479
Thereafter		7,770
Total	\$	<u>257,939</u>

Actuarial assumptions:

The Actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2014 for the period July 1, 2008, through June 30, 2013. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS investments is 7.10%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.58% was used to determine the total pension for the program. This rate increased from the prior year rate, which was 2.85%. Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables.

**UNION COUNTY TAX COLLECTOR
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

III. Other Information: (Continued)

A. Florida Retirement System (Continued)

(2) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: (Continued)

Long-term expected rate of return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2017, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Arithmetic Expected Rate of Return</u>
Cash	1.0%	3.0%
Fixed income	18.0%	4.5%
Global equities	53.0%	7.8%
Real estate	10.0%	6.6%
Private equity	6.0%	11.5%
Strategic investments	12.0%	6.1%
Total	<u>100.0%</u>	

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the proportionate shares of the FRS and HIS net pension liability of the Office calculated using the current discount rates, as well as what the Office's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

<u>Plan</u>	<u>Current Discount Rate</u>	<u>NPL with 1% Decrease</u>	<u>NPL at Current Discount Rate</u>	<u>NPL with 1% Increase</u>
FRS	7.10%	\$ 924,747	\$ 510,927	\$ 167,362
HIS	3.58%	70,705	61,960	54,676

**UNION COUNTY TAX COLLECTOR
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

III. Other Information: (Continued)

B. Budgets and Budgetary Accounting

Governmental fund revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with the Florida Statutes. An annual budget was adopted for the General Fund. All budget amounts presented in the accompanying special purpose financial statements have been adjusted for legally authorized amendments of the annual budget for the year. The annual budget is monitored at varying levels of classification detail. However, for purposes of budgetary control, expenditures cannot legally exceed the total budget appropriations at the individual fund level. All appropriations lapse at year-end.

REQUIRED SUPPLEMENTARY INFORMATION

UNION COUNTY TAX COLLECTOR
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Charges for services	\$ 207,322	\$ 209,722	\$ 219,887	\$ 10,165
Miscellaneous revenue	-	-	539	539
Total revenues	207,322	209,722	220,426	10,704
Expenditures				
General government	312,617	315,017	314,478	539
Deficiency of revenues under expenditures	(105,295)	(105,295)	(94,052)	11,243
Other financing sources (uses)				
Appropriations from Board of County Commissioners	105,295	105,295	105,295	-
Reversion to Board of County Commissioners	-	-	(11,243)	(11,243)
Total other financing sources	105,295	105,295	94,052	(11,243)
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

The accompanying note to schedule of revenues, expenditures, and changes in fund balance - budget to actual - governmental funds is an integral part of this schedule.

**UNION COUNTY TAX COLLECTOR
NOTE TO SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

A. Budgetary Information:

1. An annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund. All annual appropriations lapse at fiscal year-end.

The Tax Collector follows these procedures in establishing the budgetary data reflected in the financial statements:

- a) The preparation, adoption and amendment of the budgets are governed by Florida Statutes. Public hearings are conducted to obtain taxpayer comments.
- b) Budget excess expenditures over revenues are funded through appropriations from the Board of County Commissioners.
- c) Formal budgetary integration is employed as a management control device during the year for the General Fund. The legal level of budgetary control is the fund level.
- d) The budgets for the funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

UNION COUNTY TAX COLLECTOR
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEARS AS OF SEPTEMBER 30

	2017	2016	2015	2014
Florida Retirement System (FRS)				
Proportion of the net pension liability (asset)	0.001727311%	0.001817673%	0.001878304%	0.001565835%
Proportionate share of the net pension liability (asset)	\$ 510,927	\$ 458,964	\$ 242,608	\$ 95,539
Covered payroll	184,705	181,474	177,753	180,424
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	276.62%	252.91%	136.49%	52.95%
Plan fiduciary net position as a percentage of the total pension liability	83.89%	84.88%	92.00%	96.09%
Health Insurance Subsidy Program (HIS)				
Proportion of the net pension liability (asset)	0.000579474%	0.000587864%	0.000585909%	0.000607239%
Proportionate share of the net pension liability (asset)	\$ 61,960	\$ 68,513	\$ 59,754	\$ 56,778
Covered payroll	184,705	181,474	177,753	180,424
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	33.55%	37.75%	33.62%	31.47%
Plan fiduciary net position as a percentage of the total pension liability	1.64%	0.97%	0.50%	0.99%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the county will present information for only those years for which information is available.

**UNION COUNTY TAX COLLECTOR
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS AS OF SEPTEMBER 30**

	2017	2016	2015	2014
Florida Retirement System (FRS)				
Contractually required contribution	\$ 45,054	\$ 44,393	\$ 45,865	\$ 35,553
Contributions in relation to the contractually required contribution	(45,054)	(44,393)	(45,865)	(35,553)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 184,705	\$ 181,474	\$ 177,753	\$ 180,424
Contributions as a percentage of covered payroll	24.39%	24.46%	25.80%	19.71%
Health Insurance Subsidy Program (HIS)				
Contractually required contribution	\$ 3,066	\$ 3,012	\$ 2,240	\$ 2,165
Contributions in relation to the contractually required contribution	(3,066)	(3,012)	(2,240)	(2,165)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 184,705	\$ 181,474	\$ 177,753	\$ 180,424
Contributions as a percentage of covered payroll	1.66%	1.66%	1.26%	1.20%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the county will present information for only those years for which information is available.

ADDITIONAL INFORMATION

**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED BY
CHAPTER 10.550, RULES OF THE STATE OF FLORIDA, OFFICE
OF THE AUDITOR GENERAL**

The Honorable Lisa B. Johnson, Union County Tax Collector,
Union County, Florida:

We have audited the special purpose financial statements of the Union County Tax Collector, as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated June 13, 2018.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Special-Purpose Statements Performed in Accordance with *Government Auditing Standards*, and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in these reports, which are dated June 13, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Union County Tax Collector is an elected constitutional officer, whose office is established by Article VIII of the Constitution of the State of Florida and is governed by various provisions of state law. Union County, including the Office of the Tax Collector, was established by Chapter 8516, Laws of Florida in 1921. There are no component units of the Union County Tax Collector to be disclosed as required by accounting principles generally accepted in the United States of America.

Financial Management

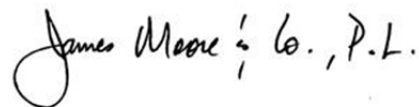
Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Union County Tax Collector, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "James Moore, Jr., P.L." The signature is written in a cursive style with a large initial 'J'.

Gainesville, Florida
June 13, 2018

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

The Honorable Lisa B. Johnson, Union County Tax Collector,
Union County, Florida:

We have audited, 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, the special purpose financial statements of the general fund of the Union County Tax Collector as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Union County Tax Collector's special purpose financial statements, and have issued our report thereon dated June 13, 2018, which was modified to refer to a basis of accounting required for compliance with state filing requirements, and for other reasons.

Internal Control over Financial Reporting

In planning and performing our audit of the special purpose financial statements, we considered the Union County Tax Collector's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the special purpose financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Union County Tax Collector's internal control. Accordingly, we do not express an opinion on the effectiveness of the Union County Tax Collector'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.

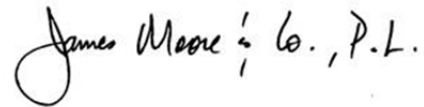
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive, flowing style.

Gainesville, Florida
June 13, 2018

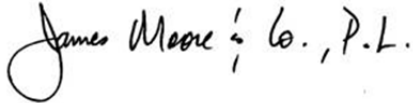
INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

The Honorable Lisa B. Johnson, Union County Tax Collector,
Union County, Florida:

We have examined the Union County Tax Collector's compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2017. Management is responsible for the Union County Tax Collector's compliance with those requirements. Our responsibility is to express an opinion on the Union County Tax Collector'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 Union County Tax Collector complied with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2017, in all material respects. An examination involves performing procedures to obtain evidence about the Union County Tax Collector's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, 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.

In our opinion, the Union County Tax Collector complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2017.



Gainesville, Florida
June 13, 2018

UNION COUNTY PROPERTY APPRAISER
SPECIAL PURPOSE FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
SEPTEMBER 30, 2017

**UNION COUNTY PROPERTY APPRAISER
SPECIAL PURPOSE FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
SEPTEMBER 30, 2017**

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INDEPENDENT AUDITORS' REPORT

The Honorable Bruce D. Dukes, Union County Property Appraiser,
Union County, Florida:

Report on the Financial Statements

We have audited the accompanying financial statements of the general fund of the Union County Property Appraiser, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Union County Property Appraiser's financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund for the Union County Property Appraiser as of September 30, 2017, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund, only for that portion of the major funds, of Union County, Florida, that is attributable to the Union County Property Appraiser. They do not purport to, and do not, present fairly the financial position of Union County, Florida as of September 30, 2017, the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

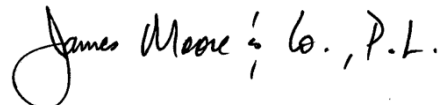
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a required part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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 on our consideration of the Union County Property Appraiser's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Union County Property Appraiser's internal control over financial reporting and compliance.



Gainesville, Florida
June 13, 2018

**UNION COUNTY PROPERTY APPRAISER
BALANCE SHEET
GOVERNMENTAL FUND
SEPTEMBER 30, 2017**

	<u>General Fund</u>
ASSETS	
Cash and equivalents	\$ 10,306
Due from other governments	7,194
Accounts receivable	<u>590</u>
Total Assets	<u><u>\$ 18,090</u></u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable and accrued expenditures	\$ 5,491
Due to other governments	<u>12,599</u>
Total Liabilities	<u>18,090</u>
Fund Balance:	
Unassigned	-
Total Liabilities and Fund Balance	<u><u>\$ 18,090</u></u>

The accompanying notes to financial statements are an integral part of this statement.

**UNION COUNTY PROPERTY APPRAISER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
SEPTEMBER 30, 2017**

	General Fund
Revenues	
Charges for services	\$ 700
Intergovernmental revenue	7,823
Miscellaneous revenue	1,142
Total revenues	<u>9,665</u>
Expenditures	
General government	409,928
Deficiency of revenues under expenditures	<u>(400,263)</u>
Other financing sources (uses)	
Appropriations from board of county commissioners	400,435
Reversion to board of county commissioners	(172)
Total other financing sources (uses)	<u>400,263</u>
Net change in fund balance	-
Fund balance, beginning of year	-
Fund balance, end of year	<u>\$ -</u>

The accompanying notes to financial statements are an integral part of this statement.

**UNION COUNTY PROPERTY APPRAISER
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

I. Summary of Significant Accounting Policies

The accounting policies of the Union County Property Appraiser (the “Office”) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

A. Reporting Entity

The Property Appraiser is an elected constitutional officer, whose office is established by Article VIII of the Constitution of the State of Florida and is governed by various provisions of state law. Union County, including the Office of the Property Appraiser, was established by Chapter 8516, Laws of Florida in 1921.

The Office is an integral part of Union County, the reporting entity for financial reporting purposes.

B. Basis of Presentation

The Office’s financial statements are special purpose financial statements that have been prepared for the purpose of complying with the Rules of the Auditor General of the State of Florida (the Rules). In conformity with the Rules, the Office has not presented the government-wide financial statements, the reconciliations to the government-wide statements or management’s discussion and analysis.

C. Fund Accounting

Accounts are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, as appropriate for each fund type. Government resources are allocated to, and accounted for in, individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The focus of fund financial statements is on major funds, each displayed in a separate column.

The Office reports the following major governmental fund; there are no non-major governmental funds:

General Fund – The principal operating fund of the Office. It is used to account for all financial resources.

D. Measurement Focus/Basis of Accounting

All governmental funds are accounted for on a spending or current financial resources measurement focus and the modified accrual basis of accounting. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of “available spendable resources”. Their operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets and, accordingly, are said to present a summary of sources and uses of “available spendable resources” during a period.

**UNION COUNTY PROPERTY APPRAISER
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

I. Summary of Significant Accounting Policies (Continued)

D. Measurement Focus/Basis of Accounting (Continued)

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. The Property Appraiser considers revenues to be available if they are collected within 90 days of the end of the current fiscal period.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, principal and interest on general long-term debt are recognized when due.

E. Capital Assets and Long-Term Liabilities

Capital assets used by the Office are capitalized (recorded and accounted for) by the Union County Board of County Commissioners.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the financial statements of the County.

F. Cash

All cash is placed in a bank that qualifies as a public depository pursuant to the provisions of the Florida Security for Public Deposits Act. Every qualified public depository is required by this law to deposit with the State Treasurer eligible collateral equal to, or in excess of, an amount to be determined by the State Treasurer. The State Treasurer is required to ensure that all funds are entirely insured throughout the fiscal year.

G. Accounts Payable

Accounts Payable balances in the general fund are primarily payable to third-party vendors for goods provided and services rendered.

H. Fund Balance

Fund balance for governmental funds report classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. In as much as the Property Appraiser is a county constitutional officer, any funds remaining at the end of the fiscal year are returned to the Board of County Commissioners by reducing the subsequent year appropriation.

The Property Appraiser does not have a formal written policy regarding whether restricted or unrestricted amounts are considered to be spent when an expenditure for purposes for which both restricted and unrestricted fund balances are available. However, it has been the Property Appraiser's general practice when expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available; the Property Appraiser considers restricted funds to have been spent first. When expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Property Appraiser considers amounts to have been spent first out of committed funds, then assigned funds, and lastly unassigned funds, as needed.

**UNION COUNTY PROPERTY APPRAISER
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

I. Summary of Significant Accounting Policies (Continued)

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

J. Compensated Absences

The Office follows generally accepted accounting principles in accounting for accrued compensated absences. The Office allows limited vesting of unused employee leave time. Since the annual and sick leave liability is considered long-term, it is recorded in the government-wide financial statements of the County. In the past, compensated absences have been paid out of the General Fund of the Office and this practice is expected to continue in the future.

K. Fair Value Measurement

The Office categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices for identical investments in active markets; Level 2 inputs are observable inputs other than quoted market prices; Level 3 inputs are unobservable inputs. The Office had no assets or liabilities carried at fair value at September 30, 2017.

II. Detailed Notes on All Funds

A. Investments

Florida Statutes authorize the Office to invest in bonds, notes or other obligations of the U.S. Government, certificates of deposits, repurchase agreements, certain bonds of any State or local government unit and the State Treasurer's Investment Pool.

Interest Rate Risk. The Office does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk. The Office places no limit on the amount the Office may invest in any one issuer. The Office maintained 100 percent of excess deposits in a checking account with a local financial institution as of September 30, 2017.

B. Risk Management

The County purchased commercial insurance to limit the exposure of the following risks of loss: theft of, damage to, and destruction of assets; natural disasters and injuries to employees. Commercial insurance has been purchased by the Office to cover the risks of loss due to employee errors or omissions and health insurance. Settled claims resulting from all risks have not exceeded insurance coverage in any of the past three years.

C. Changes in Long-Term Debt

A summary of changes in long-term debt follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within one year</u>
Compensated absences	\$ 7,368	\$ 3,470	\$ (9,979)	\$ 860	\$ 860

**UNION COUNTY PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

III. Other Information

A. Florida Retirement System

(1) General Information about the Pension Plan:

The Office participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the Office's full-time employees. The System is a noncontributory retirement plan, administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the Office are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended September 30, 2017, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

Plan Description and Administration

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both Plans may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

**UNION COUNTY PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

III. Other Information: (Continued)

A. Florida Retirement System (Continued)

(1) General Information about the Pension Plan: (Continued)

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

Employees may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, DROP, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

Financial Statements

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850) 413-5511; or at the Department's Web site (www.myfloridacfo.com). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from:

Florida Department of Management Services
Division of Retirement, Research and Education Services
P.O. Box 9000
Tallahassee, FL 32315-9000
850-488-5706 or toll free at 877-377-1737

**UNION COUNTY PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

III. Other Information: (Continued)

A. Florida Retirement System (Continued)

(1) General Information about the Pension Plan: (Continued)

Contributions

The Organization participates in certain classes of FRS membership. Each class has descriptions and contribution rates in effect at September 30, 2017, as follows (contribution rates are in agreement with the actuarially determined rates):

FRS Membership Plan & Class	Employee Contribution Rate	Employer Contribution Rate
Regular Class	3.00%	7.92%
Senior Management	3.00%	22.71%
Special Risk	3.00%	23.27%
DROP – Applicable to members above	0.00%	13.26%
Elected Officer Class - County	3.00%	45.50%

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll

Actual contributions made for Office employees participating in FRS and HIS for the each of last three fiscal years ended September 30 were as follows:

	2017	2016	2015
Contributions – FRS	\$ 45,258	\$ 45,422	\$ 48,618
Contributions – HIS	3,311	3,330	2,807
Employee Contributions – FRS	5,983	6,018	6,684

**UNION COUNTY PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

III. Other Information: (Continued)

A. Florida Retirement System (Continued)

(2) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

At September 30, 2017, the Office reported a liability of \$488,830 for its proportionate share of the net pension liability, \$421,926 related to FRS and \$66,904 to HIS. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Office's proportion of the net pension liability was based on a projection of the Office's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2017 and June 30, 2016, the Office's FRS proportion was 0.001426423% and 0.001525572%, respectively. At June 30, 2017 and June 30, 2016, the Office's HIS proportion was 0.000625715% and 0.00064983%, respectively. For the year ended September 30, 2017, the Office's recognized pension expense of \$97,844 from FRS and \$3,289 from HIS, for a grand total of \$101,133.

Deferred outflows/inflows related to pensions:

At September 30, 2017, the Office reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 38,723	\$ (2,337)	\$ -	\$ (139)
Changes of assumptions	141,797	-	9,404	(5,785)
Net different between projected and actual investment earnings	-	(10,456)	37	-
Change in proportionate share	83,951	(25,655)	-	(9,164)
Contributions subsequent to measurement date	9,096	-	664	-
	<u>\$ 273,567</u>	<u>\$ (38,448)</u>	<u>\$ 10,105</u>	<u>\$ (15,088)</u>

**UNION COUNTY PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

III. Other Information: (Continued)

A. Florida Retirement System (Continued)

(2) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: (Continued)

The above amounts for deferred outflows of resources for contributions related to pensions resulting from Office contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2017. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

2018	\$ 48,917
2019	85,206
2020	50,572
2021	4,716
2022	23,408
Thereafter	<u>7,557</u>
Total	<u>\$ 220,376</u>

Actuarial assumptions:

The Actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2014 for the period July 1, 2008, through June 30, 2013. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS investments is 7.10%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.58% was used to determine the total pension for the program. This rate increased from the prior year rate, which was 2.85%. Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables.

**UNION COUNTY PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

III. Other Information: (Continued)

A. Florida Retirement System (Continued)

(2) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: (Continued)

Long-term expected rate of return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2017, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Arithmetic Expected Rate of Return</u>
Cash	1.0%	3.0%
Fixed income	18.0%	4.5%
Global equities	53.0%	7.8%
Real estate	10.0%	6.6%
Private equity	6.0%	11.5%
Strategic investments	12.0%	6.1%
Total	<u>100.0%</u>	

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the proportionate shares of the FRS and HIS net pension liability of the Office calculated using the current discount rates, as well as what the Office's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

<u>Plan</u>	<u>Current Discount Rate</u>	<u>NPL with 1% Decrease</u>	<u>NPL at Current Discount Rate</u>	<u>NPL with 1% Increase</u>
FRS	7.10%	\$ 763,661	\$ 421,926	\$ 138,208
HIS	3.58%	76,347	66,904	59,039

**UNION COUNTY PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

III. Other Information: (Continued)

B. Budgets and Budgetary Accounting

Governmental fund revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with the Florida Statutes. An annual budget was adopted for the General Fund. All budget amounts presented in the accompanying special purpose financial statements have been adjusted for legally authorized amendments of the annual budget for the year. The annual budget is monitored at varying levels of classification detail. However, for purposes of budgetary control, expenditures cannot legally exceed the total budget appropriations at the individual fund level. All appropriations lapse at year-end.

REQUIRED SUPPLEMENTARY INFORMATION

**UNION COUNTY PROPERTY APPRAISER
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
	Original	Final	Actual
Revenues			
Charges for services	\$ -	\$ -	\$ 700
Intergovernmental revenue	-	-	7,823
Miscellaneous revenue	-	-	1,142
Total Revenues	-	-	9,665
Expenditures			
General government	396,907	412,256	409,928
Deficiency of revenues under expenditures	(396,907)	(412,256)	(400,263)
Other financing sources (uses)			
Appropriations from Board of County Commissioners	396,907	412,256	400,435
Reversion to Board of County Commissioners	-	-	(172)
Total other financing sources (uses)	396,907	412,256	400,263
Net change in fund balance	-	-	-
Fund balance, beginning of year	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -

The accompanying note to schedule of revenues, expenditures, and changes in fund balance - budget to actual - governmental funds is an integral part of this schedule.

**UNION COUNTY PROPERTY APPRAISER
NOTE TO SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

A. Budgetary Information:

1. An annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund. All annual appropriations lapse at fiscal year-end.

The Property Appraiser follows these procedures in establishing the budgetary data reflected in the financial statements:

- a) The preparation, adoption and amendment of the budgets are governed by Florida Statutes. Public hearings are conducted to obtain taxpayer comments.
- b) Budget excess expenditures over revenues are funded through appropriations from the Board of County Commissioners.
- c) Formal budgetary integration is employed as a management control device during the year for the General Fund. The legal level of budgetary control is the fund level.
- d) The budgets for the funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

UNION COUNTY CLERK PROPERTY APPRAISER
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEAR AS OF SEPTEMBER 30
(UNAUDITED)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Florida Retirement System (FRS)				
Proportion of the net pension liability	0.001426423%	0.001525572%	0.001656617%	0.001317961%
Proportionate share of the net pension liability	\$ 421,926	\$ 385,208	\$ 213,974	\$ 80,415
Covered payroll	199,944	200,611	222,816	223,149
Proportionate share of the net pension liability as a percentage of its covered payroll	211.02%	192.02%	96.03%	36.04%
Plan fiduciary net position as a percentage of the total pension liability	83.89%	84.88%	92.00%	96.09%
Health Insurance Subsidy Program (HIS)				
Proportion of the net pension liability	0.000625715%	0.000649830%	0.000734449%	0.000751053%
Proportionate share of the net pension liability	\$ 66,904	\$ 75,735	\$ 74,902	\$ 70,225
Covered payroll	199,944	200,611	222,816	223,149
Proportionate share of the net pension liability as a percentage of its covered payroll	33.46%	37.75%	33.62%	31.47%
Plan fiduciary net position as a percentage of the total pension liability	1.64%	0.97%	0.50%	0.99%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the county will present information for only those years for which information is available.

**UNION COUNTY CLERK PROPERTY APPRAISER
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEAR AS OF SEPTEMBER 30
(UNAUDITED)**

	2017	2016	2015	2014
Florida Retirement System (FRS)				
Contractually required contribution	\$ 45,731	\$ 45,422	\$ 48,618	\$ 37,992
Contributions in relation to the contractually required contribution	(45,731)	(45,422)	(48,618)	(37,992)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered payroll	 \$ 199,944	 \$ 200,611	 \$ 222,816	 \$ 223,149
Contributions as a percentage of covered payroll	22.87%	22.64%	21.82%	17.03%
 Health Insurance Subsidy Program (HIS)				
Contractually required contribution	\$ 2,838	\$ 3,330	\$ 2,807	\$ 2,678
Contributions in relation to the contractually required contribution	(2,838)	(3,330)	(2,807)	(2,678)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered payroll	 \$ 199,944	 \$ 200,611	 \$ 222,816	 \$ 223,149
Contributions as a percentage of covered payroll	1.66%	1.66%	1.26%	1.20%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the county will present information for only those years for which information is available.

ADDITIONAL INFORMATION

**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED BY
CHAPTER 10.550, RULES OF THE STATE OF FLORIDA, OFFICE
OF THE AUDITOR GENERAL**

The Honorable Bruce D. Dukes, Union County Property Appraiser,
Union County, Florida:

We have audited the financial statements of the Union County Property Appraiser, as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated June 13, 2018.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards*, and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, ATC-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in this report, which is dated June 13, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Union County Property Appraiser is an elected constitutional officer, whose office is established by Article VIII of the Constitution of the State of Florida and is governed by various provisions of state law. Union County, including the Office of the Property Appraiser, was established by Chapter 8516, Laws of Florida in 1921. There are no component units of the Union County Property Appraiser to be disclosed as required by accounting principles generally accepted in the United States of America.

Financial Management


Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Union County Property Appraiser and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



Gainesville, Florida
June 13, 2018

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

The Honorable Bruce D. Dukes, Union County Property Appraiser,
Union County, Florida

We have audited, 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, the financial statements of the general fund of the Union County Property Appraiser as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Union County Property Appraiser's special purpose financial statements, and have issued our report thereon dated June 13, 2018, which was modified to refer to a basis of accounting required for compliance with state filing requirements, and for other reasons.

Internal Control over Financial Reporting

In planning and performing our audit of the special purpose financial statements, we considered the Union County Property Appraiser's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the special purpose financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Union County Property Appraiser's internal control. Accordingly, we do not express an opinion on the effectiveness of the Union County Property Appraiser'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.

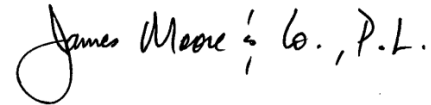
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive, flowing style.

Gainesville, Florida
June 13, 2018

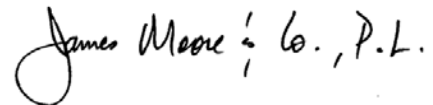
INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

The Honorable Bruce D. Dukes, Union County Property Appraiser,
Union County, Florida:

We have examined the Union County Property Appraiser's compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2017. Management is responsible for the Union County Property Appraiser's compliance with those requirements. Our responsibility is to express an opinion on the Union County Property Appraiser'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 Union County Property Appraiser complied with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2017, in all material respects. An examination involves performing procedures to obtain evidence about the Union County Property Appraiser's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, 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.

In our opinion, the Union County Property Appraiser complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2017.



Gainesville, Florida
June 13, 2018

UNION COUNTY SUPERVISOR OF ELECTIONS

**SPECIAL PURPOSE FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT**

SEPTEMBER 30, 2017

UNION COUNTY SUPERVISOR OF ELECTIONS

**SPECIAL PURPOSE FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT**

SEPTEMBER 30, 2017

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INDEPENDENT AUDITORS' REPORT

The Honorable Deborah K. Osborne, Union County Supervisor of Elections,
Union County, Florida:

Report on the Financial Statements

We have audited the accompanying financial statements of the general fund of the Union County Supervisor of Elections, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Union County Supervisor of Elections' financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

- 1 -

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund for the Union County Supervisor of Elections as of September 30, 2017, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund, only for that portion of the major funds, of Union County, Florida, that is attributable to the Union County Supervisor of Elections. They do not purport to, and do not, present fairly the financial position of Union County, Florida as of September 30, 2017, the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

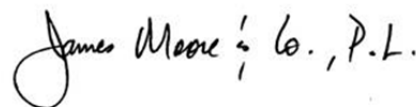
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a required part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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 on our consideration of the Union County Supervisor of Elections' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Union County Supervisor of Elections' internal control over financial reporting and compliance.



Gainesville, Florida
June 13, 2018

**UNION COUNTY SUPERVISOR OF ELECTIONS
BALANCE SHEET
GOVERNMENTAL FUND
SEPTEMBER 30, 2017**

	<u>General Fund</u>
ASSETS	
Cash and equivalents	<u>\$ 11,847</u>
 LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable and accrued expenditures	\$ 5,720
Due to Board of County Commissioners	<u> 6,127</u>
Total Liabilities	11,847
 Fund Balance:	
Unassigned	-
 Total Liabilities and Fund Balance	<u><u>\$ 11,847</u></u>

The accompanying notes to financial statements are an integral part of this statement.

UNION COUNTY SUPERVISOR OF ELECTIONS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
SEPTEMBER 30, 2017

	<u>General Fund</u>
Revenues	
Intergovernmental	\$ 14,553
Expenditures	
General government	370,887
Deficiency of revenues under expenditures	<u>(356,334)</u>
Other financing sources (uses)	
Appropriations from Board of County Commissioners	362,461
Reversion to Board of County Commissioners	<u>(6,127)</u>
Total other financing sources	356,334
Net change in fund balance	<u>-</u>
Fund balance, beginning of year	-
Fund balance, end of year	<u><u>\$ -</u></u>

The accompanying notes to financial statements are an integral part of this statement.

**UNION COUNTY SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

I. Summary of Significant Accounting Policies

The accounting policies of the Union County Supervisor of Elections (the “Office”) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

A. Reporting Entity

The Supervisor of Elections is an elected constitutional officer, whose office is established by Article VIII of the Constitution of the State of Florida and is governed by various provisions of state law. Union County, including the Office of the Supervisor of Elections, was established by Chapter 8516, Laws of Florida in 1921.

The Office is an integral part of Union County, the reporting entity for financial reporting purposes.

B. Basis of Presentation

The Office’s financial statements are special-purpose financial statements that have been prepared for the purpose of complying with the Rules of the Auditor General of the State of Florida (the Rules). In conformity with the Rules, the Office has not presented the government-wide financial statements, the reconciliations to the government-wide statements or management’s discussion and analysis.

C. Fund Accounting

Accounts are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, as appropriate for each fund type. Government resources are allocated to, and accounted for in, individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The focus of fund financial statements is on major funds, each displayed in a separate column.

The Office reports the following major governmental fund; there are no non-major governmental funds:

General Fund – The principal operating fund of the Office. It is used to account for all financial resources.

D. Measurement Focus/Basis of Accounting

All governmental funds are accounted for on a spending or current financial resources measurement focus and the modified accrual basis of accounting. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of “available spendable resources”. Their operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets and, accordingly, are said to present a summary of sources and uses of “available spendable resources” during a period.

**UNION COUNTY SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

I. Summary of Significant Accounting Policies (Continued)

D. Measurement Focus/Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. The Supervisor of Elections considers revenues to be available if they are collected within 90 days of the end of the current fiscal period.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, principal and interest on general long-term debt are recognized when due.

E. Capital Assets and Long-Term Liabilities

Capital assets used by the Office are capitalized (recorded and accounted for) by the Union County Board of County Commissioners.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the financial statements of the County.

F. Cash

All cash is placed in a bank that qualifies as a public depository pursuant to the provisions of the Florida Security for Public Deposits Act. Every qualified public depository is required by this law to deposit with the State Treasurer eligible collateral equal to, or in excess of, an amount to be determined by the State Treasurer. The State Treasurer is required to ensure that all funds are entirely insured throughout the fiscal year.

G. Accounts Payable

Accounts Payable balances in the general fund are primarily payable to third-party vendors for goods provided and services rendered.

H. Fund Balance

Fund balance for governmental funds report classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. In as much as the Supervisor of Elections is a county constitutional officer, any funds remaining at the end of the fiscal year are returned to the Board of County Commissioners. Unassigned fund balance represents funds available for spending at the government's discretion.

**UNION COUNTY SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

I. Summary of Significant Accounting Policies (Continued)

H. Fund Balance (Continued)

The Supervisor of Elections does not have a formal written policy regarding whether restricted or unrestricted amounts are considered to be spent when an expenditure for purposes for which both restricted and unrestricted fund balances are available. However, it has been the Supervisor of Elections' general practice when expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available; the Supervisor of Elections considers restricted funds to have been spent first. When expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Supervisor of Elections considers amounts to have been spent first out of committed funds, then assigned funds, and lastly unassigned funds, as needed.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

J. Compensated Absences

The Office follows generally accepted accounting principles in accounting for accrued compensated absences. The Office allows limited vesting of unused employee leave time. Since the annual and sick leave liability is considered long-term, it is recorded in the government-wide financial statements of the County. Compensated absences are expected to be paid out of the General Fund of the Office and this practice is expected to continue in the future. The Office kept compensated absence records for the hours earned, used and available.

K. Fair Value Measurement

The Office categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices for identical investments in active markets; Level 2 inputs are observable inputs other than quoted market prices; Level 3 inputs are unobservable inputs. The Office had no assets or liabilities carried at fair value at September 30, 2017.

II. Detailed Notes on All Funds

A. Investments

Florida Statutes authorize the Office to invest in bonds, notes or other obligations of the U.S. Government, certificates of deposits, repurchase agreements, certain bonds of any State or local government unit and the State Treasurer's Investment Pool.

Interest Rate Risk. The Office does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk. The Office places no limit on the amount the Office may invest in any one issuer. The Office maintained 100-percent of excess deposits in a checking account with a local financial institution (Level 1 inputs) as of September 30, 2017.

**UNION COUNTY SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

II. Detailed Notes on All Funds (Continued)

B. Risk Management

The County purchased commercial insurance to limit the exposure of the following risks of loss: theft of, damage to, and destruction of assets; natural disasters and injuries to employees. Commercial insurance has been purchased by the Office to cover the risks of loss due to employee errors or omissions and health insurance. Settled claims resulting from all risks have not exceeded insurance coverage in any of the past three years.

C. Changes in Long-Term Debt

A summary of changes in long-term debt follows:

	<u>Beginning Balance</u>		<u>Additions</u>		<u>Reductions</u>		<u>Ending Balance</u>		<u>Due within one year</u>
Compensated absences	\$ 4,873	\$	6,207	\$	5,135	\$	5,945	\$	1,982

III. Other Information

A. Florida Retirement System

(1) General Information about the Pension Plan:

The Office participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the Office's full-time employees. The System is a noncontributory retirement plan, administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the Office are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended September 30, 2017, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

**UNION COUNTY SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

III. Other Information: (Continued)

A. Florida Retirement System (Continued)

(1) General Information about the Pension Plan: (Continued)

Plan Description and Administration

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both Plans may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

Employees may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, DROP, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

Financial Statements

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850) 413-5511; or at the Department's Web site (www.myfloridacfo.com). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from:

Florida Department of Management Services
Division of Retirement, Research and Education Services
P.O. Box 9000
Tallahassee, FL 32315-9000
850-488-5706 or toll free at 877-377-1737

**UNION COUNTY SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

III. Other Information: (Continued)

A. Florida Retirement System (Continued)

(1) General Information about the Pension Plan: (Continued)

Contributions

The Organization participates in certain classes of FRS membership. Each class has descriptions and contribution rates in effect at September 30, 2017, as follows (contribution rates are in agreement with the actuarially determined rates):

FRS Membership Plan & Class	Employee Contribution Rate	Employer Contribution Rate
Regular Class	3.00%	7.92%
Senior Management	3.00%	22.71%
Special Risk	3.00%	23.27%
DROP – Applicable to members above	0.00%	13.26%
Elected Officer Class - County	3.00%	45.50%

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll

Actual contributions made for Office employees participating in FRS and HIS for the each of last three fiscal years ended September 30 were as follows:

	2017	2016	2015
Contributions – FRS	\$ 51,148	\$ 42,805	\$ 43,356
Contributions – HIS	2,838	2,518	1,882
Employee Contributions – FRS	4,984	4,550	4,502

(2) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

At September 30, 2017, the Office reported a liability of \$518,666 for its proportionate share of the net pension liability, \$464,293 related to FRS and \$54,373 to HIS. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Office's proportion of the net pension liability was based on a projection of the Office's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2017 and June 30, 2016, the Office's FRS proportion was 0.001569655% and 0.001444283%, respectively. At June 30, 2017 and June 30, 2016, the Office's HIS proportion was 0.000508518% and 0.000475118%, respectively. For the year ended September 30, 2017, the Office's recognized pension expense of \$112,359 from FRS and \$4,436 from HIS, for a grand total of \$116,795.

**UNION COUNTY SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

III. Other Information: (Continued)

A. Florida Retirement System (Continued)

(2) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: (Continued)

Deferred outflows/inflows related to pensions:

At September 30, 2017, the Office reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 42,611	\$ (2,572)	\$ -	\$ (113)
Changes of assumptions	156,035	-	7,643	(4,702)
Net different between projected and actual investment earnings	-	(11,506)	30	-
Change in proportionate share	108,222	(7,420)	4,031	(1,775)
Contributions subsequent to measurement date	10,812	-	679	-
	<u>\$ 317,680</u>	<u>\$ (21,498)</u>	<u>\$ 12,383</u>	<u>\$ (6,590)</u>

The above amounts for deferred outflows of resources for contributions related to pensions resulting from Office contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2017. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

2018	\$ 60,571
2019	100,506
2020	67,727
2021	16,032
2022	33,895
Thereafter	11,753
Total	<u>\$ 290,484</u>

**UNION COUNTY SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

III. Other Information: (Continued)

A. Florida Retirement System (Continued)

(2) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: (Continued)

Actuarial assumptions:

The Actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2014 for the period July 1, 2008, through June 30, 2013. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS investments is 7.10%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.58% was used to determine the total pension for the program. This rate increased from the prior year rate, which was 2.85%. Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables.

Long-term expected rate of return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2017, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	Long-Term Arithmetic Expected Rate of Return
Cash	1.0%	3.0%
Fixed income	18.0%	4.5%
Global equities	53.0%	7.8%
Real estate	10.0%	6.6%
Private equity	6.0%	11.5%
Strategic investments	12.0%	6.1%
Total	<u>100.0%</u>	

**UNION COUNTY SUPERVISOR OF ELECTIONS
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

III. Other Information: (Continued)

A. Florida Retirement System (Continued)

(2) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: (Continued)

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the proportionate shares of the FRS and HIS net pension liability of the Office calculated using the current discount rates, as well as what the Office's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

<u>Plan</u>	<u>Current Discount Rate</u>	<u>NPL with 1% Decrease</u>	<u>NPL at Current Discount Rate</u>	<u>NPL with 1% Increase</u>
FRS	7.10%	\$ 840,343	\$ 464,293	\$ 152,086
HIS	3.58%	62,047	54,373	47,981

B. Budgets and Budgetary Accounting

Governmental fund revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with the Florida Statutes. An annual budget was adopted for the General Fund. All budget amounts presented in the accompanying special-purpose financial statements have been adjusted for legally authorized amendments of the annual budget for the year. The annual budget is monitored at varying levels of classification detail. However, for purposes of budgetary control, expenditures cannot legally exceed the total budget appropriations at the individual fund level. All appropriations lapse at year-end.

REQUIRED SUPPLEMENTARY INFORMATION

UNION COUNTY SUPERVISOR OF ELECTIONS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Variance with
	Original	Final	Final Budget -
			Positive
			(Negative)
Revenues			
Intergovernmental - grants	\$ -	\$ -	\$ 14,553
Expenditures			
General government	362,461	362,461	6,127
General government - grant expenditures	-	-	(14,553)
Total expenditures	362,461	362,461	(8,426)
Deficiency of revenues under expenditures	(362,461)	(362,461)	6,127
Other financing sources (uses)			
Appropriations from Board of County Commissioners	362,461	362,461	-
Reversion to Board of County Commissioners	-	-	(6,127)
Total other financing sources (uses)	362,461	362,461	(6,127)
Net change in fund balance	-	-	-
Fund balance, beginning of year	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -

The accompanying note to schedule of revenues, expenditures, and changes in fund balance - budget to actual - governmental funds is an integral part of this schedule.

**UNION COUNTY SUPERVISOR OF ELECTIONS
NOTE TO SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

A. Budgetary Information:

1. An annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund. All annual appropriations lapse at fiscal year-end.

The Supervisor of Elections follows these procedures in establishing the budgetary data reflected in the financial statements:

- a) The preparation, adoption and amendment of the budgets are governed by Florida Statutes. Public hearings are conducted to obtain taxpayer comments.
 - b) Budget excess expenditures over revenues are funded through appropriations from the Board of County Commissioners.
 - c) Formal budgetary integration is employed as a management control device during the year for the General Fund. The legal level of budgetary control is the fund level.
 - d) The budgets for the funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
2. Expenditures exceeded appropriations in the fund listed below. These over-expenditures were funded by grant revenues for which the related revenue and expense budget amendment was not made.

Fund	Over Expenditure
General Fund	\$ 8,426

UNION COUNTY SUPERVISOR OF ELECTIONS
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEAR AS OF SEPTEMBER 30
(UNAUDITED)

	2017	2016	2015	2014
Florida Retirement System (FRS)				
Proportion of the net pension liability	0.001569655%	0.001444283%	0.001520903%	0.000940649%
Proportionate share of the net pension liability	\$ 464,293	\$ 364,683	\$ 196,445	\$ 57,393
Covered payroll	170,990	151,678	149,367	150,082
Proportionate share of the net pension liability as a percentage of its covered payroll	271.53%	240.43%	131.52%	38.24%
Plan fiduciary net position as a percentage of the total pension liability	83.89%	84.88%	92.00%	96.09%
Health Insurance Subsidy Program (HIS)				
Proportion of the net pension liability	0.000508518%	0.000475118%	0.000488984%	0.000466169%
Proportionate share of the net pension liability	\$ 54,373	\$ 55,373	\$ 49,869	\$ 43,588
Covered payroll	170,990	151,678	149,367	150,082
Proportionate share of the net pension liability as a percentage of its covered payroll	31.80%	36.51%	33.39%	29.04%
Plan fiduciary net position as a percentage of the total pension liability	1.64%	0.97%	0.50%	0.99%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the county will present information for only those years for which information is available.

UNION COUNTY SUPERVISOR OF ELECTIONS
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEAR AS OF SEPTEMBER 30
(UNAUDITED)

	2017	2016	2015	2014
Florida Retirement System (FRS)				
Contractually required contribution	\$ 51,148	\$ 42,805	\$ 43,356	\$ 31,154
Contributions in relation to the contractually required contribution	(51,148)	(42,805)	(43,356)	(31,154)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 170,990	\$ 151,678	\$ 149,367	\$ 150,082
Contributions as a percentage of covered-employee payroll	29.91%	28.22%	29.03%	20.76%
Health Insurance Subsidy Program (HIS)				
Contractually required contribution	\$ 2,838	\$ 2,518	\$ 1,882	\$ 1,801
Contributions in relation to the contractually required contribution	(2,838)	(2,518)	(1,882)	(1,801)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 170,990	\$ 151,678	\$ 149,367	\$ 150,082
Contributions as a percentage of covered payroll	1.66%	1.66%	1.26%	1.20%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the county will present information for only those years for which information is available.

ADDITIONAL INFORMATION

**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED BY
CHAPTER 10.550, RULES OF THE STATE OF FLORIDA, OFFICE
OF THE AUDITOR GENERAL**

The Honorable Deborah K. Osborne, Union County Supervisor of Elections,
Union County, Florida:

We have audited the financial statements of the Union County Supervisor of Elections, as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated June 13, 2018.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards*, and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in this report, which is dated June 13, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Union County Supervisor of Elections is an elected constitutional officer, whose office is established by Article VIII of the Constitution of the State of Florida and is governed by various provisions of state law. Union County, including the Office of the Supervisor of Elections, was established by Chapter 8516, Laws of Florida in 1921. There are no component units of the Union County Supervisor of Elections to be disclosed as required by accounting principles generally accepted in the United States of America.

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121 Executive Circle
Daytona Beach, FL 32114-1180
Telephone: 386-257-4100

133 East Indiana Avenue
DeLand, FL 32724-4329
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5931 NW 1st Place
Gainesville, FL 32607-2063
Telephone: 352-378-1331

2477 Tim Gamble Place, Suite 200
Tallahassee, FL 32308-4386
Telephone: 850-386-6184

Financial Management

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we noted the following:

2017-001 Budgetary Control

Condition and Criteria: Florida Statutes, Chapter 129.07, states that expenditures in any fiscal year may not exceed appropriations per the approved budget.

Cause: An amended budget for additional grant appropriations was created but not formally presented and adopted by the Board of County Commissioners.

Effect: Expenditures exceeded appropriations for the fiscal year.

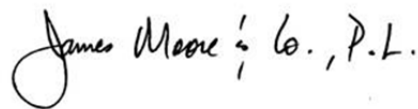
Recommendation: We recommend the office amend the budget as necessary in accordance with Florida Statutes, Chapter 129.

Union County Supervisor of Elections' Response to Findings

The Union County Supervisor of Elections' response to the findings identified in our audit is described as listed in the table of contents. The 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 Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Union County Supervisor of Elections, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



Gainesville, Florida
June 13, 2018

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

The Honorable Deborah K. Osborne, Union County Supervisor of Elections,
Union County, Florida:

We have audited, 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, the financial statements of the general fund of the Union County Supervisor of Elections as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Union County Supervisor of Elections' special-purpose financial statements, and have issued our report thereon dated June 13, 2018, which was modified to refer to a basis of accounting required for compliance with state filing requirements, and for other reasons.

Internal Control over Financial Reporting

In planning and performing our audit of the special-purpose financial statements, we considered the Union County Supervisor of Elections' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the special-purpose financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Union County Supervisor of Elections' internal control. Accordingly, we do not express an opinion on the effectiveness of the Union County Supervisor of Elections' 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.

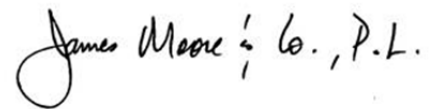
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive, flowing style.

Gainesville, Florida
June 13, 2018

INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

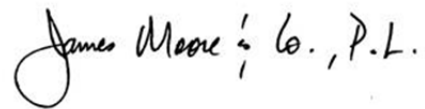
The Honorable Deborah K. Osborne, Union County Supervisor of Elections,
Union County, Florida:

We have examined the Union County Supervisor of Elections' compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2017. Management is responsible for the Union County Supervisor of Elections' compliance with those requirements. Our responsibility is to express an opinion on the Union County Supervisor of Elections' 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 Union County Supervisor of Elections complied with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2017, in all material respects. An examination involves performing procedures to obtain evidence about the Union County Supervisor of Elections' compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, 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.

In our opinion, the Union County Supervisor of Elections complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2017.

Gainesville, Florida
June 13, 2018



Response to finding:

2017-001 – Budgetary Control

During the year ended September 30, 2017, our office received a cost reimbursement grant for voting equipment. The grant expenditures were not considered in the original budget. Although the grant expenditures were not budgeted for, these expenses were reimbursed in full by the grant. Going forward, we will prepare and submit an amended budget that considers any grant expenditures, if needed. Our office was under budgeted expenditures related to general government for the year and reverted residual amount back to the County.