

**UNION COUNTY, FLORIDA**  
**FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITORS' REPORT**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2018**

**UNION COUNTY, FLORIDA  
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SEPTEMBER 30, 2018**

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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, 2018, 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 total 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, 2018, 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, 2018, 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.

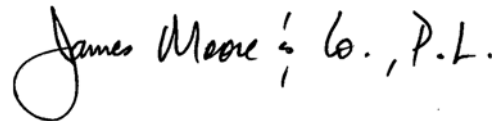
#### ***Other Information***

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 March 29, 2019, 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. The first part of the signature, "James Moore", is written in a larger, more prominent script, while "& Co., P.L." is written in a smaller, more compact script to the right.

Gainesville, Florida  
March 29, 2019

**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, 2018 by \$13,847,856 (net position). Of this amount unrestricted net position amounted to \$(3,143,187) due to the County recording its proportionate share of the Florida Retirement System's net pension liability of \$7,948,450.
- The County's long-term debt obligations decreased by \$5,307 due to new capital leases and regular scheduled loan payments.
- As of September 30, 2018, the County's governmental funds reported combined ending fund balances of \$5,415,890. Fund balances saw an increase of \$85,461 when compared to the prior year.
- The County purchased capital assets of buildings, equipment, vehicles and library materials in the amount of \$769,220.

***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.

	<b>Governmental Activities</b>	
	<b>2018</b>	<b>2017</b>
<b>Assets:</b>		
Current and other assets	\$ 6,743,372	\$ 6,294,626
Capital assets	14,741,879	14,788,184
<b>Total asse ts</b>	<u>\$ 21,485,251</u>	<u>\$ 21,082,810</u>
<b>Defe rre d outflow of re sources</b>	<u>\$ 3,502,091</u>	<u>\$ 3,660,873</u>
<b>Liabilitie s:</b>		
Long-term liabilities outstanding	\$ 1,007,454	\$ 1,015,219
Net pension liability	7,948,450	7,923,258
Other liabilities	1,190,042	830,787
<b>Total liabilitie s</b>	<u>\$ 10,145,946</u>	<u>\$ 9,769,264</u>
<b>Defe rre d inflow of re sources</b>	<u>\$ 993,540</u>	<u>\$ 577,085</u>
<b>Net position:</b>		
Net investment in capital assets	\$ 14,042,694	\$ 14,083,692
Restricted	2,948,349	2,940,104
Unrestricted	(3,143,187)	(2,626,462)
<b>Total net position</b>	<u>\$ 13,847,856</u>	<u>\$ 14,397,334</u>

The majority 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, \$(3,143,187) is unrestricted net position and \$2,948,349 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***

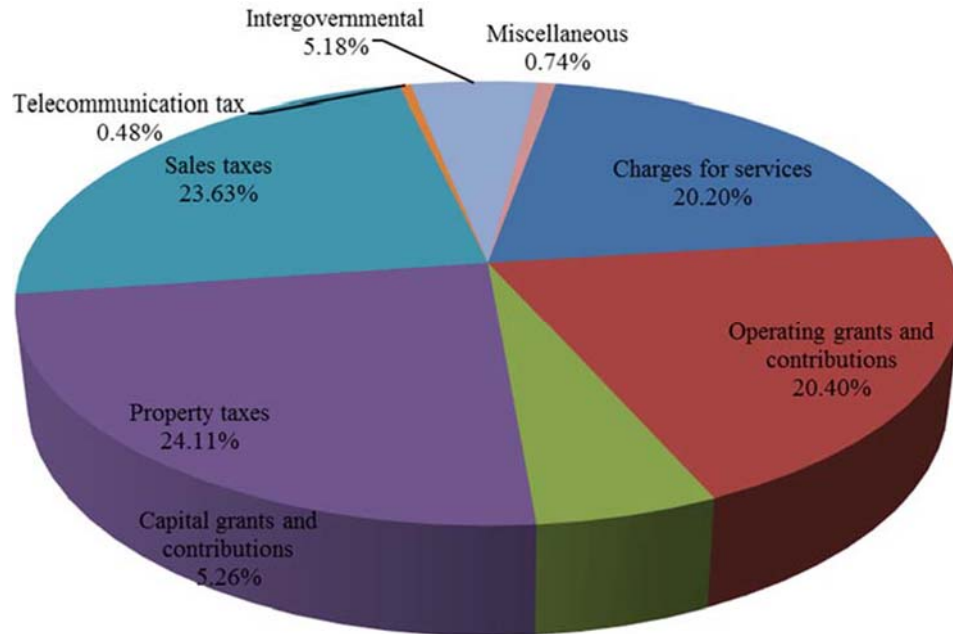
The following table reflects the condensed Statement of Activities for the current year as compared to the prior year. For more detailed information see the Statement of Activities.

	<b>Governmental Activities</b>	
	<b>2018</b>	<b>2017</b>
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 2,452,233	\$ 2,086,358
Operating grants and contributions	2,476,899	2,144,919
Capital grants and contributions	638,747	1,077,489
General revenues:		
Property taxes	2,268,076	2,260,588
Other taxes	2,926,995	3,102,869
Other revenues	719,230	1,311,807
<b>Total revenues</b>	<b>11,482,180</b>	<b>11,984,030</b>
<b>Expenses:</b>		
General government	1,714,061	2,495,058
Public safety	5,052,545	4,506,463
Physical environment	1,324,184	1,004,420
Economic environment	387,439	375,893
Transportation	1,636,348	1,110,257
Human services	357,712	331,440
Culture and recreation	480,984	350,670
Court related	1,073,249	1,109,470
Interest on long-term debt	5,136	7,557
<b>Total expenses</b>	<b>12,031,658</b>	<b>11,291,228</b>
<b>Changes in net position</b>	<b>(549,478)</b>	<b>692,802</b>
<b>Net position - beginning of year</b>	<b>14,397,334</b>	<b>13,704,532</b>
<b>Net position - end of year</b>	<b>\$ 13,847,856</b>	<b>\$ 14,397,334</b>

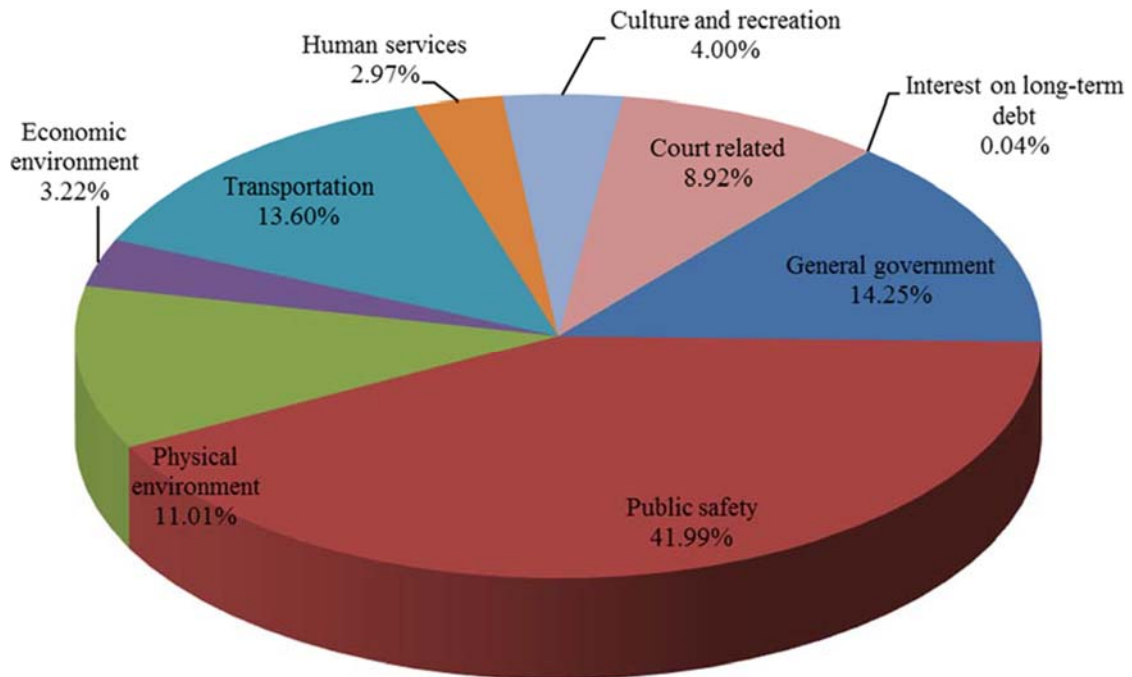
**Union County, Florida**  
**Management's Discussion and Analysis**  
**(Unaudited)**

***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, 2018, the County's governmental funds reported combined ending fund balances of \$5,415,890 an increase of \$85,461 in comparison with the prior year. Of the ending fund balance, \$2,348,916 is considered unassigned and can be spent at the discretion of the Board and \$2,948,349 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, 2018, the unassigned fund balance of the General Fund was \$2,348,890. 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, 2018, the fund balance of the General Fund increased by \$107,740 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 decreased by \$172,829. The decrease can be attributed to an increase in public safety expenditures. The ending fund balance of the EMS Fund was \$217,111.

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 \$5,344. This increase is attributed to no expenditures being made during the fiscal year. The Special Law Enforcement Fund had an ending fund balance of \$1,297,029.

The Local Housing Assistance Fund is used to account for revenues and expenditures associated with repairing low and moderate income homes. Also, the funds can be used to assist with down payments in purchasing new homes. During the fiscal year, the fund balance of the Local Housing Assistance Fund had no change in fund balance as revenues and expenditures were equal. There is no fund balance in the Local Housing Assistance Fund as any unspent funds are considered unearned revenues.

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 \$9,932. The fund balance in the Transportation Trust Fund was \$506,385 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 \$566,006 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, 2018 amounted to \$14,741,879 (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:

- Construction in process related to infrastructure projects of \$631,030.
- Transportation equipment lease of \$297,034.

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

	<b>Governmental Activities</b>	
	<b>2018</b>	<b>2017</b>
Land	1,077,564	1,077,564
Building and improvements	3,756,357	3,789,452
Infrastructure - roads	7,282,617	7,856,506
Vehicles	635,768	693,362
Library materials	53,106	67,169
Machinery and equipment	975,850	801,542
Assets under capital lease	190,089	363,088
Construction in progress	<u>770,528</u>	<u>139,501</u>
<b>Total</b>	<b><u>14,741,879</u></b>	<b><u>14,788,184</u></b>

**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:

	<b>Governmental Activities</b>	
	<b>2018</b>	<b>2017</b>
Notes payable	213,794	299,651
Capital lease obligations	485,391	404,841
Compensated absences	191,488	310,727
Net pension liability	<u>7,948,450</u>	<u>7,923,258</u>
<b>Total</b>	<b><u>8,839,123</u></b>	<b><u>8,938,477</u></b>

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, 2018**

	<u><b>Governmental Activities</b></u>
<b>ASSETS</b>	
Cash and equivalents	\$ 3,981,308
Investments	730,662
Accounts receivable, net	98,570
Due from other governments	1,795,392
Prepaid expenses	137,440
Capital assets:	
Non-depreciable	1,848,092
Depreciable, net	12,893,787
<b>Total assets</b>	<u><u>\$ 21,485,251</u></u>
<b>DEFERRED OUTFLOWS</b>	
Deferred outflows related to pensions	<u><u>\$ 3,502,091</u></u>
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	847,470
Due to other governments	111,441
Unearned revenues	231,131
Noncurrent liabilities:	
Due within one year	261,505
Due in more than one year	745,949
Net pension liability	7,948,450
<b>Total liabilities</b>	<u><u>\$ 10,145,946</u></u>
<b>DEFERRED INFLOWS</b>	
Deferred inflows related to pensions	<u><u>\$ 993,540</u></u>
<b>NET POSITION</b>	
Net investment in capital assets	\$ 14,042,694
Restricted for:	
Court operations	183,795
Emergency medical services	217,111
Law enforcement	1,486,030
Transportation	506,385
Solid waste operations	389,352
Library	105,265
Other purposes	60,411
Unrestricted	(3,143,187)
<b>Total net position</b>	<u><u>\$ 13,847,856</u></u>

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, 2018**

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 1,714,061	\$ 279,601	\$ 85,936	\$ -	\$ (1,348,524)
Public safety	5,052,545	864,237	587,909	-	(3,600,399)
Physical environment	1,324,184	860,681	273,910	-	(189,593)
Economic environment	387,439	-	372,662	167,475	152,698
Transportation	1,636,348	223,250	524,796	471,272	(417,030)
Human services	357,712	-	-	-	(357,712)
Culture and recreation	480,984	-	214,164	-	(266,820)
Court related	1,073,249	224,464	417,522	-	(431,263)
Interest on long-term debt	5,136	-	-	-	(5,136)
Total	<u>\$ 12,031,658</u>	<u>\$ 2,452,233</u>	<u>\$ 2,476,899</u>	<u>\$ 638,747</u>	(6,463,779)
General revenues:					
Property taxes					2,268,076
Sales taxes					2,869,021
Telecommunication tax					57,974
Intergovernmental					629,062
Miscellaneous					90,168
Total general revenues					<u>5,914,301</u>
Change in net position					(549,478)
Net position - beginning of year					<u>14,397,334</u>
Net position - end of year					<u>\$ 13,847,856</u>

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



**UNION COUNTY, FLORIDA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2018**

	<b>General Fund</b>	<b>Emergency Medical Services</b>	<b>Special Law Enforcement</b>	<b>Transportation Trust Fund</b>	<b>Local Housing</b>	<b>Nonmajor Governmental Funds</b>	<b>Total</b>
<b>ASSETS</b>							
Cash and equivalents	\$ 1,644,872	\$ 259,419	\$ 595,728	\$ 345,735	\$ 215,203	\$ 1,133,864	\$ 4,194,821
Investments	-	-	730,662	-	-	-	730,662
Accounts receivable, net	1,084	93,172	-	-	-	4,314	98,570
Due from other governments	1,002,498	-	639	640,688	-	135,027	1,778,852
Due from other funds	261,390	20,000	-	140	-	7,614	289,144
Total assets	<u>\$ 2,909,844</u>	<u>\$ 372,591</u>	<u>\$ 1,327,029</u>	<u>\$ 986,563</u>	<u>\$ 215,203</u>	<u>\$ 1,280,819</u>	<u>\$ 7,092,049</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable	\$ 259,822	\$ 72,194	\$ -	\$ 333,677	\$ 5,233	\$ 59,726	\$ 730,652
Accrued expenses	49,045	32,571	-	12,710	-	27,725	122,051
Due to other governments	79,942	11,461	-	-	-	18,348	109,751
Due to other funds	20,140	39,254	30,000	133,791	3,150	49,419	275,754
Unearned revenues	24,311	-	-	-	206,820	206,820	437,951
Total liabilities	<u>433,260</u>	<u>155,480</u>	<u>30,000</u>	<u>480,178</u>	<u>215,203</u>	<u>362,038</u>	<u>1,676,159</u>
<b>Fund balances</b>							
Restricted for:							
Court operations	97,668	-	-	-	-	86,127	183,795
Emergency medical services	-	217,111	-	-	-	-	217,111
Law enforcement	-	-	1,297,029	-	-	189,001	1,486,030
Transportation	-	-	-	506,385	-	-	506,385
Solid waste operations	-	-	-	-	-	389,352	389,352
Library	-	-	-	-	-	105,265	105,265
Other purposes	-	-	-	-	-	60,411	60,411
Assigned to:							
Emergency management	-	-	-	-	-	88,625	88,625
Jail reconstruction	30,000	-	-	-	-	-	30,000
Unassigned	<u>2,348,916</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,348,916</u>
Total fund balances	<u>2,476,584</u>	<u>217,111</u>	<u>1,297,029</u>	<u>506,385</u>	<u>-</u>	<u>918,781</u>	<u>5,415,890</u>
<b>Total Liabilities and fund balances</b>	<u>\$ 2,909,844</u>	<u>\$ 372,591</u>	<u>\$ 1,327,029</u>	<u>\$ 986,563</u>	<u>\$ 215,203</u>	<u>\$ 1,280,819</u>	<u>\$ 7,092,049</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, 2018**

**Total fund balances - Governmental Funds** **\$ 5,415,890**

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	30,331,635	
Less: accumulated depreciation	<u>(15,589,756)</u>	14,741,879

Expenditures relating to future periods are charged to the period in which it was paid (prepaid expenses)		137,440
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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	(7,948,450)	
Deferred outflows related to pensions	3,502,091	
Deferred inflows related to pensions	<u>(993,540)</u>	(5,439,899)

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	(213,794)	
Capital leases	(485,391)	
Compensated absences	<u>(308,269)</u>	(1,007,454)

<b>Net position of governmental activities</b>		<b><u>\$ 13,847,856</u></b>
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The accompanying notes to financial statements  
are an integral part of this statement.

**UNION COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<b>General Fund</b>	<b>Emergency Medical Services</b>	<b>Special Law Enforcement</b>	<b>Transportation Trust Fund</b>	<b>Local Housing</b>	<b>Nonmajor Governmental Funds</b>	<b>Total</b>
<b>Revenues</b>							
Taxes	\$ 2,849,645	\$ -	\$ -	\$ 996,225	\$ -	\$ 111,764	\$ 3,957,634
Licenses and permits	70,870	199,483	-	-	-	291,783	562,136
Intergovernmental	3,540,455	-	-	471,272	225,506	891,925	5,129,158
Charges for services	474,007	529,034	-	-	-	241,502	1,244,543
Fines and forfeitures	74,139	-	32,062	-	-	10,325	116,526
Miscellaneous revenues	47,580	15,493	3,282	7,996	2,297	83,339	159,987
<b>Total revenues</b>	<b>7,056,696</b>	<b>744,010</b>	<b>35,344</b>	<b>1,475,493</b>	<b>227,803</b>	<b>1,630,638</b>	<b>11,169,984</b>
<b>Expenditures</b>							
Current:							
General government	2,179,188	-	-	-	-	-	2,179,188
Public safety	2,571,727	1,406,190	-	-	-	740,712	4,718,629
Physical environment	308,133	-	-	-	-	857,487	1,165,620
Economic environment	6,713	-	-	-	215,239	147,573	369,525
Transportation	-	-	-	1,648,087	-	-	1,648,087
Human services	293,226	-	-	-	-	8,988	302,214
Culture and recreation	151,263	-	-	-	-	243,283	394,546
Court related	735,724	-	-	-	-	3,169	738,893
Debt service:							
Principal	12,820	33,852	-	111,196	-	-	157,868
Interest	-	3,737	-	13,237	-	-	16,974
<b>Total expenditures</b>	<b>6,258,794</b>	<b>1,443,779</b>	<b>-</b>	<b>1,772,520</b>	<b>215,239</b>	<b>2,001,212</b>	<b>11,691,544</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>797,902</b>	<b>(699,769)</b>	<b>35,344</b>	<b>(297,027)</b>	<b>12,564</b>	<b>(370,574)</b>	<b>(521,560)</b>
<b>Other financing sources (uses)</b>							
Contributions from joint venture	-	-	-	-	-	330,001	330,001
Article V reversion	(20,014)	-	-	-	-	-	(20,014)
Transfers in	83,402	526,940	-	9,925	36	216,685	836,988
Transfers out	(753,550)	-	(30,000)	-	(12,600)	(40,838)	(836,988)
Loan proceeds	-	-	-	297,034	-	-	297,034
<b>Total other financing sources (uses)</b>	<b>(690,162)</b>	<b>526,940</b>	<b>(30,000)</b>	<b>306,959</b>	<b>(12,564)</b>	<b>505,848</b>	<b>607,021</b>
<b>Net change in fund balance</b>	<b>107,740</b>	<b>(172,829)</b>	<b>5,344</b>	<b>9,932</b>	<b>-</b>	<b>135,274</b>	<b>85,461</b>
<b>Fund balance, beginning of year</b>	<b>2,368,844</b>	<b>389,940</b>	<b>1,291,685</b>	<b>496,453</b>	<b>-</b>	<b>783,507</b>	<b>5,330,429</b>
<b>Fund balance, end of year</b>	<b>\$ 2,476,584</b>	<b>\$ 217,111</b>	<b>\$ 1,297,029</b>	<b>\$ 506,385</b>	<b>\$ -</b>	<b>\$ 918,781</b>	<b>\$ 5,415,890</b>

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, 2018**

**Net change in fund balances-total governmental funds** **\$ 85,461**

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	1,400,247	
Gain/(loss) on disposal of capital assets	46,553	
Depreciation expense	<u>(1,348,632)</u>	98,168

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	157,868	
Issuance of long-term debt	<u>(297,034)</u>	(139,166)

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	2,458	
Net pension liability and related items	(600,429)	
Net change in prepaid expenses	<u>4,030</u>	(593,941)

**Change in net position of governmental activities** **\$ (549,478)**

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

**UNION COUNTY, FLORIDA  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2018**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and equivalents	\$ 355,865
Receivables	1,333
Due from other funds	417
<b>Total assets</b>	<u>\$ 357,615</u>
<b>LIABILITIES</b>	
Assets held for others	\$ 311,798
Accounts payable and accrued expenses	288
Due to other funds	16,957
Due to other governments	28,572
<b>Total liabilities</b>	<u>\$ 357,615</u>
<b>NET POSITION</b>	<u>\$ -</u>

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

**UNION COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**(1) Summary of Significant Accounting Policies:**

The financial statements of the Union County, Florida (the County), have been prepared in accordance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for promulgating governmental accounting and financial reporting principles. The following is a summary of the County's significant accounting policies:

(a) **Reporting entity**—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.

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.

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.

**UNION COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

(1) **Summary of Significant Accounting Policies:** (Continued)

(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.

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.

**UNION COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

(1) **Summary of Significant Accounting Policies:** (Continued)

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) **Cash 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.

(e) **Receivables**—Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds” and are eliminated in the government-wide financial statements. All trade and property tax receivables are reported net of an allowance for uncollectible accounts, which is based upon management's analysis of historical trends.

(f) **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. Such items are expensed when paid in the governmental funds.

(g) **Capital assets**—Capital assets include property, plant, equipment and infrastructure assets. The terms general capital assets and general infrastructure assets relate only to the assets associated with governmental activities, whereas the terms capital assets and infrastructure assets relate to all such assets belonging to the County. Capital assets are defined by the County as assets with an initial individual cost of \$1,000 or more and an estimated useful life of more than one-year. Such assets are recorded at historical cost, if purchased or constructed. Donated assets are recorded at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are only capitalized if they meet the dollar threshold above for capitalization. Donated capital assets are recorded at acquisition value. Maintenance and repairs of capital assets are charged to operating expenses.

Depreciation is reported for the primary government using the straight-line method calculated on a service-life basis to amortize the cost of the asset over their estimated economic useful lives, which are as follows:

<b>Assets</b>	<b>Years</b>
Buildings and Improvements	5 – 39 years
Infrastructure (Roads and Bridges)	20 years
Vehicles	3 – 10 years
Machinery and Equipment	3 – 10 years



**UNION COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

(1) **Summary of Significant Accounting Policies:** (Continued)

(h) **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.

(i) **Long-term obligations**—In the government-wide financial statements, long-term debt obligations are reported as liabilities on the statement of net position. The compensated absences and net pension liabilities have been liquidated in the past by the reporting units of the underlying employees, including primarily the general fund, with some smaller amounts paid by other governmental funds.

(j) **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 pensions, as discussed further in Note (9).

In addition to liabilities, the statement of net 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 financial 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 item in this category consisted of deferred inflows of resources related to pensions, as discussed further in Note (9).

(k) **Fund equity**—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:

*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.

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

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.

**UNION COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

(1) **Summary of Significant Accounting Policies:** (Continued)

(l) **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

(m) **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.

(n) **Use of estimates**—Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates assumed in preparing the financial statements.

(2) **Reconciliation of Government-Wide and Fund Financial Statements:**

(a) **Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**—Following the governmental fund balance sheet is a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. A detailed explanation of these differences is provided in this reconciliation.

(b) **Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**—Following the governmental fund statement of revenues, expenditures, and changes in fund balances, there is a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. A detailed explanation of these differences is provided in this reconciliation.

**UNION COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**(3) Deposits and 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 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 AA+ by Standard & Poor's. A copy of FLGIT's most recent financial statements can be found at <http://floridatrustonline.com>. At September 30, 2018, the County had \$730,662 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.

**(4) Interfund Balances and Transfers:**

Transfers from/to other funds for the year ended September 30, 2018, were as follows:

<u>Recipient Fund</u>	<u>Amount</u>	
<u>Reason for Transfer</u>	Emergency Medical Services	
\$	526,940	Transfer from General Fund to aid in operating costs Transportation
Trust	9,925	Transfer from 5-Cent Gas to cover road expenditures
Emergency Management	76,426	Transfer from General Fund to aid in operating costs
Solid Waste Management	1,184	Transfer from General Fund to aid in operating costs
CDBG	418	Transfer from General Fund to aid in operating costs
911	138,657	Transfer from General Fund to aid in operating costs
Local Housing Assistance	36	Transfer from CDBG for reimbursement of previous year expense
General Fund	40,802	Transfer from Landfill Long Term Care for closeout of fund.
General Fund	30,000	Transfer from Special Law Enforcement for Future Jail cost
General Fund	12,600	Transfer from Local Housing for reimbursement of admin costs
	<u>\$ 836,988</u>	

**UNION COUNTY, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

(4) **Interfund Balances and Transfers:** (Continued)

As of September 30, 2018, interfund balances consisted of:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
<b>General Fund</b>	\$ 261,390	\$ 20,140
<b>Special Revenue Funds</b>		
<b>Major Funds:</b>		
Emergency Medical Services	20,000	39,254
Special Law Enforcement	-	30,000
Transportation Trust	140	133,791
Local Housing Assistance Trust	-	3,150
<b>Nonmajor Funds:</b>		
Emergency Management	2,528	3,482
Solid Waste Management	3,761	19,931
Public Library	-	8,374
Clerks Record Modernization Trust	1,325	-
E911	-	14,482
<b>Agency Funds:</b>		
Clerk of the Court Agency	417	16,957
<b>Total</b>	<u>\$ 289,561</u>	<u>\$ 289,561</u>

**UNION COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**(5) Capital Assets:**

Capital asset activity for the fiscal year ended September 30, 2018, was as follows:

<b>Governmental Activities:</b>	<b>Balance 9/30/17</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 9/30/18</b>
Capital Assets, Not Being Depreciated:				
Land	\$ 1,077,564	\$ -	\$ -	\$ 1,077,564
Construction in Progress	<u>139,501</u>	<u>631,027</u>	<u>-</u>	<u>770,528</u>
Total Capital Assets Not Being Depreciated	<u>1,217,065</u>	<u>631,027</u>	<u>-</u>	<u>1,848,092</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	7,462,835	141,494	-	7,604,329
Infrastructure - Roads	12,378,687	62,664	-	12,441,351
Vehicles	3,567,793	136,237	(188,806)	3,515,224
Library Materials	256,743	-	-	256,743
Machinery and Equipment	3,975,329	428,825	(20,099)	4,384,055
Assets Under Capital Lease	<u>487,660</u>	<u>-</u>	<u>(205,819)</u>	<u>281,841</u>
Total Capital Assets Being Depreciated	<u>28,129,047</u>	<u>769,220</u>	<u>(414,724)</u>	<u>28,483,543</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	3,673,383	174,589	-	3,847,972
Infrastructure - Roads	4,522,181	636,553	-	5,158,734
Vehicles	2,874,431	192,236	(187,211)	2,879,456
Library Materials	189,574	14,063	-	203,637
Machinery and Equipment	3,173,787	254,241	(19,823)	3,408,205
Assets Under Capital Lease	<u>124,573</u>	<u>76,950</u>	<u>(109,771)</u>	<u>91,752</u>
Total Accumulated Depreciation	<u>14,557,929</u>	<u>1,348,632</u>	<u>(316,805)</u>	<u>15,589,756</u>
Total Capital Assets, Net of Depreciation	<u>13,571,118</u>	<u>(579,412)</u>	<u>(97,919)</u>	<u>12,893,787</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ 14,788,183</u>	<u>\$ 51,615</u>	<u>\$ (97,919)</u>	<u>\$ 14,741,879</u>

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

<b>Governmental Activities</b>	
General Government	\$ 112,653
Court Related	76,552
Public Safety	270,777
Physical Environment	96,033
Transportation	673,916
Human Services	49,028
Culture and Recreation	<u>69,673</u>
<b>Total Depreciation Expense</b>	<u>\$ 1,348,632</u>

**UNION COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**(6) Long-Term Debt:**

*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.	\$ 54,490
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.	54,976
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.	30,419
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.	61,088
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.	<u>12,821</u>
<b>Total</b>	<u><u>\$ 213,794</u></u>

The following schedule provides future debt service requirements of the notes payable:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 88,462	\$ 4,140	\$ 92,602
2020	77,571	2,210	79,781
2021	33,304	661	33,965
2022	14,457	205	14,662
2023	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<u><u>\$ 213,794</u></u>	<u><u>\$ 14,752</u></u>	<u><u>\$ 221,010</u></u>

*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, 2018, are as follows:

<u>Year Ending September 30,</u>	<u>Payment</u>
2019	\$ 70,569
2020	70,569
2021	70,569
2022	190,238
2023	<u>132,510</u>
Total Minimum Lease Payments	534,455
Less: Amount Representing Interest	<u>49,064</u>
Present Value of Minimum Lease Payments	<u><u>\$ 485,391</u></u>

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

**UNION COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**(6) Long-Term Debt:** (Continued)

The following is a summary of changes in long-term debt of the County for the year ended September 30, 2018:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Notes payable	\$ 299,651	\$ -	\$ 85,857	\$ 213,794	\$ 88,462
Capital leases	404,841	297,034	216,484	485,391	56,262
Compensated absences	310,727	224,741	227,198	308,269	116,781
<b>Total Long-Term Liabilities</b>	<u>\$ 1,015,219</u>	<u>\$ 521,775</u>	<u>\$ 529,539</u>	<u>\$ 1,007,454</u>	<u>\$ 261,505</u>

**(7) Joint Venture and 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 \$12,000 from New River Public Library Cooperative in rental charge 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, 2017, (latest available information), is hereafter presented:

Total Assets	\$ 295,741
Total Liabilities	\$ 9,958
Total Net Position	\$ 263,135
Total Revenues	\$ 355,959
Total Expenses	\$ 309,537
Change in Net Position	\$ (46,422)

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.

*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.

**UNION COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**(7) Joint Venture and Jointly-Governed Organization** (Continued)

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 2018. The Association's condensed financial information, as of and for the year ended September 30, 2017 (latest available information), is hereafter presented:

Total Assets	\$	54,092,343
Total Deferred Outflow of Resources	\$	327,358
Total Liabilities	\$	20,771,119
Total Deferred Inflow of Resources	\$	11,701
Total Net Positions	\$	33,636,881
Total Revenues	\$	8,687,234
Total Non-Operating Revenues (Expenses)	\$	(632,479)
Total Expenses	\$	4,054,992
Change in Net Position	\$	3,999,763

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.

**(8) Commitments and Contingencies:**

Various suits and claims arising in the ordinary course of the County's operations, some of which involve substantial amounts, are pending against the County.

The ultimate effect of such litigation cannot be ascertained at this time. However, in the opinion of counsel for the County, the liabilities which may arise from such action would not result in losses which would materially affect the financial position of the County or the results of its operations, nor is it anticipated that any material amount will be paid for claims and judgments in the next fiscal year.

**(9) Employees' Retirement Plans:**

**A. Florida Retirement System**

**Plan Description and Administration**

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, 2018**

**(9) Employees' Retirement Plans:** (Continued)

In addition, all regular employees of the entity 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, 2018, 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.

**Benefits Provided and Employees Covered**

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 four 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, 2018**

(9) **Employees' Retirement Plans:** (Continued)

**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](http://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**

Employers may participate in certain classes of FRS membership. The employee contribution rate for eligible employees are 3.0%. Each class has descriptions and employer contribution rates in effect during the fiscal year ended September 30, 2018, as follows (contribution rates are in agreement with the actuarially determined rates):

<b>FRS Membership Plan &amp; Class</b>	<b>Through June 30, 2018</b>	<b>After June 30, 2018</b>
Regular Class	7.92%	8.26%
Senior Management	22.71%	24.06%
Special Risk	23.27%	24.50%

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll, included in the above rates.

Actual contributions made for entity employees participating in FRS and HIS for the plan year ended June 30, 2018, were as follows:

Entity Contributions – FRS	\$ 622,153
Entity Contributions – HIS	70,348
Employee Contributions – FRS	127,135

**Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions**

At September 30, 2018, the entity reported a net pension liability related to FRS and HIS as follows:

<b>Plan</b>	<b>Net Pension Liability</b>
FRS	\$ 6,575,474
HIS	1,372,976
Total	\$ 7,948,450

**UNION COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**(9) Employees' Retirement Plans:** (Continued)

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer proportion of the net pension liability was based on a projection of the organization'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, 2018 and June 30, 2017, the organization's proportionate share of the FRS and HIS net pension liabilities were as follows:

<u>Plan</u>	<u>2018</u>	<u>2017</u>
FRS	0.021830546%	0.022073095%
HIS	0.012972053%	0.013038961%

For the plan year ended June 30, 2018, pension expense was recognized related to the FRS and HIS plans as follows:

FRS	\$ 1,220,326
HIS	<u>90,752</u>
Total	<u>\$ 1,311,078</u>

*Deferred outflows/inflows related to pensions:*

At September 30, 2018, deferred outflows of resources and deferred inflows of resources related to pensions were recorded from the following sources:

	<u>FRS</u>		<u>HIS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 557,042	\$ (20,218)	\$ 21,020	\$ (2,334)
Changes of assumptions	2,148,545	-	152,691	(145,162)
Net different between projected and actual investment earnings	-	(508,034)	829	-
Change in proportionate share	377,002	(227,975)	55,777	(89,817)
Contributions subsequent to measurement date	171,402	-	17,783	-
	<u>\$ 3,253,991</u>	<u>\$ (756,227)</u>	<u>\$ 248,100</u>	<u>\$ (237,313)</u>

The above amounts for deferred outflows of resources for contributions related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2019.

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:

2019	\$ 907,099
2020	600,751
2021	87,441
2022	379,086
2023	234,125
Thereafter	110,864
Total	<u>\$ 2,319,366</u>

**UNION COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**(9) Employees' Retirement Plans:** (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 7.00%. This rate decreased from the prior year rate, which was 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 3.87% was used to determine was used to determine the total pension for the program. This rate increased from the prior year rate, which was 3.58%. 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 2018, 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%	2.9%
Fixed income	18.0%	4.4%
Global equities	54.0%	7.6%
Real estate	11.0%	6.6%
Private equity	10.0%	10.7%
Strategic investments	6.0%	6.0%
Total	<u>100.0%</u>	

**UNION COUNTY, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**(9) Employees' Retirement Plans:** (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 entity calculated using the current discount rates, as well as what the entity'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	7.00%	\$ 12,000,515	\$ 6,575,474	\$ 2,069,654
HIS	3.87%	1,563,740	1,372,976	1,213,964

**(10) Recent 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. 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 83 are effective for periods beginning after June 15, 2018.
- (b) 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.
- (c) 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.
- (d) GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, in April 2018. GASB 88 requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The provisions in GASB 88 are effective for periods beginning after June 15, 2018.
- (e) GASB issued Statement No. 90, *Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61*, in August 2018. GASB 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The provisions in GASB 90 are effective for periods beginning after December 15, 2018.

## **SUPPLEMENTAL INFORMATION**

**UNION COUNTY, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues</b>				
Taxes	\$ 2,939,816	\$ 2,939,816	\$ 2,849,645	\$ (90,171)
Licenses and permits	62,000	62,000	70,870	8,870
Intergovernmental	3,646,537	3,646,537	3,540,455	(106,082)
Charges for services	468,376	468,376	474,007	5,631
Fines and forfeitures	32,700	32,700	74,139	41,439
Miscellaneous revenues	-	-	47,580	47,580
FS 129 Statutory Reduction	(223,892)	(223,892)	-	223,892
<b>Total revenues</b>	<u>6,925,537</u>	<u>6,925,537</u>	<u>7,056,696</u>	<u>131,159</u>
<b>Expenditures</b>				
Current:				
General government	2,855,564	2,927,237	2,192,008	735,229
Public safety	2,096,978	2,096,978	2,571,727	(474,749)
Physical environment	605,493	509,087	308,133	200,954
Economic environment	-	-	6,713	(6,713)
Human services	308,073	359,819	293,226	66,593
Culture and recreation	69,288	206,412	151,263	55,149
Court related	725,267	725,267	735,724	(10,457)
<b>Total expenditures</b>	<u>6,660,663</u>	<u>6,824,800</u>	<u>6,258,794</u>	<u>566,006</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>264,874</u>	<u>100,737</u>	<u>797,902</u>	<u>697,165</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	12,600	83,402	70,802
Transfers out	-	(657,483)	(753,550)	(96,067)
Article V reversion	-	-	(20,014)	(20,014)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(644,883)</u>	<u>(690,162)</u>	<u>(45,279)</u>
<b>Net change in fund balance</b>	<u>264,874</u>	<u>(544,146)</u>	<u>107,740</u>	<u>651,886</u>
<b>Fund balance, beginning of year</b>	2,368,844	2,368,844	2,368,844	-
<b>Fund balance, end of year</b>	<u>\$ 2,633,718</u>	<u>\$ 1,824,698</u>	<u>\$ 2,476,584</u>	<u>\$ 651,886</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 - EMERGENCY MEDICAL SERVICES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues</b>				
Licenses and permits	\$ -	\$ -	\$ 199,483	\$ 199,483
Charges for services	850,000	870,000	529,034	(340,966)
Miscellaneous revenues	-	-	15,493	15,493
FS 129 Statutory Reduction	(164,400)	(174,344)	-	174,344
<b>Total revenues</b>	<u>685,600</u>	<u>695,656</u>	<u>744,010</u>	<u>48,354</u>
<b>Expenditures</b>				
Current:				
Public safety	1,536,510	1,670,923	1,406,190	264,733
Debt service:				
Principal	10,532	19,569	33,852	(14,283)
Interest	3,737	3,737	3,737	-
<b>Total expenditures</b>	<u>1,550,779</u>	<u>1,694,229</u>	<u>1,443,779</u>	<u>250,450</u>
				-
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(865,179)</u>	<u>(998,573)</u>	<u>(699,769)</u>	<u>298,804</u>
<b>Other financing sources (uses)</b>				
Transfers in	375,000	530,380	526,940	(3,440)
Transfers out	-	-	-	(3,440)
<b>Total other financing sources (uses)</b>	<u>375,000</u>	<u>530,380</u>	<u>526,940</u>	<u>(6,880)</u>
<b>Net change in fund balance</b>	<u>(490,179)</u>	<u>(468,193)</u>	<u>(172,829)</u>	<u>291,924</u>
<b>Fund balance, beginning of year</b>	389,940	389,940	389,940	-
<b>Fund balance, end of year</b>	<u>\$ (100,239)</u>	<u>\$ (78,253)</u>	<u>\$ 217,111</u>	<u>\$ 291,924</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, 2018**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues</b>				
Fines and forfeitures	\$ 1,000	\$ 1,000	\$ 32,062	\$ 31,062
Miscellaneous revenues	(225)	(225)	3,282	3,507
<b>Total revenues</b>	<u>775</u>	<u>775</u>	<u>35,344</u>	<u>34,569</u>
<b>Expenditures</b>				
Public safety	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of revenues     over (under) expenditures</b>	<u>775</u>	<u>775</u>	<u>35,344</u>	<u>34,569</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	(30,000)	(30,000)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>(30,000)</u>	<u>(30,000)</u>
<b>Net change in fund balance</b>	<u>775</u>	<u>775</u>	<u>5,344</u>	<u>4,569</u>
<b>Fund balance, beginning of year</b>	1,291,685	1,291,685	1,291,685	-
<b>Fund balance, end of year</b>	<u><u>\$ 1,292,460</u></u>	<u><u>\$ 1,292,460</u></u>	<u><u>\$ 1,297,029</u></u>	<u><u>\$ 4,569</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, 2018**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues</b>				
Taxes	\$ 928,879	\$ 928,879	\$ 996,225	\$ 67,346
Intergovernmental	1,623,000	1,623,000	471,272	(1,151,728)
Miscellaneous revenues	5,850	5,850	7,996	2,146
FS 129 Statutory Reduction	(46,736)	(46,736)	-	46,736
<b>Total revenues</b>	<u>2,510,993</u>	<u>2,510,993</u>	<u>1,475,493</u>	<u>(1,035,500)</u>
<b>Expenditures</b>				
Transportation	2,604,922	2,667,625	1,648,087	1,019,538
Debt service:				
Principal	112,928	112,928	111,196	1,732
Interest	13,237	13,237	13,237	-
<b>Total expenditures</b>	<u>2,731,087</u>	<u>2,793,790</u>	<u>1,772,520</u>	<u>1,021,270</u>
				-
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(220,094)</u>	<u>(282,797)</u>	<u>(297,027)</u>	<u>(14,230)</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	75,081	9,925	(65,156)
Loan proceeds	-	-	297,034	297,034
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>75,081</u>	<u>306,959</u>	<u>231,878</u>
<b>Net change in fund balance</b>	<u>(220,094)</u>	<u>(207,716)</u>	<u>9,932</u>	<u>217,648</u>
<b>Fund balance, beginning of year</b>	496,453	496,453	496,453	-
<b>Fund balance, end of year</b>	<u>\$ 276,359</u>	<u>\$ 288,737</u>	<u>\$ 506,385</u>	<u>\$ 217,648</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 - LOCAL HOUSING**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues</b>				
Intergovernmental	\$ 350,000	\$ 350,000	\$ 225,506	\$ (124,494)
Miscellaneous revenues	228	228	2,297	2,069
<b>Total revenues</b>	<u>350,228</u>	<u>350,228</u>	<u>227,803</u>	<u>(122,425)</u>
<b>Expenditures</b>				
Economic environment	402,966	402,966	215,239	187,727
<b>Total expenditures</b>	<u>402,966</u>	<u>402,966</u>	<u>215,239</u>	<u>187,727</u>
				-
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(52,738)</u>	<u>(52,738)</u>	<u>12,564</u>	<u>65,302</u>
<b>Other financing sources (uses)</b>				
Transfers in	(12,600)	(12,600)	(12,564)	36
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>(12,600)</u>	<u>(12,600)</u>	<u>(12,564)</u>	<u>36</u>
<b>Net change in fund balance</b>	<u>(65,338)</u>	<u>(65,338)</u>	<u>-</u>	<u>65,338</u>
<b>Fund balance, beginning of year</b>	-	-	-	-
<b>Fund balance, end of year</b>	<u><u>\$ (65,338)</u></u>	<u><u>\$ (65,338)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 65,338</u></u>

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

**UNION COUNTY, FLORIDA**  
**NOTE TO SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE - BUDGET AND ACTUAL**  
**SEPTEMBER 30, 2018**

**Note to Budgetary Comparison Schedules:**

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)**

	<b>As of the Plan Year Ended June 30,</b>				
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Florida Retirement System (FRS)</b>					
Proportion of the net pension liability	0.021830546%	0.022073095%	0.021987085%	0.021787096%	0.020146996%
Proportionate share of the net pension liability	\$ 6,575,474	\$ 6,529,072	\$ 5,551,756	\$ 2,814,094	\$ 1,229,263
Covered payroll	4,237,818	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	155.16%	154.45%	137.41%	79.69%	30.83%
Plan fiduciary net position as a percentage of the total pension liability	84.26%	83.89%	84.88%	92.00%	96.09%
<b>Health Insurance Subsidy Program (HIS)</b>					
Proportion of the net pension liability	0.012972053%	0.013038961%	0.013182168%	0.013182168%	0.013298568%
Proportionate share of the net pension liability	\$ 1,372,976	\$ 1,394,186	\$ 1,519,503	\$ 1,344,375	\$ 1,243,449
Covered payroll	4,237,818	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	32.40%	32.98%	37.61%	38.07%	31.19%
Plan fiduciary net position as a percentage of the total pension liability	2.15%	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)**

	<b>As of the Plan Year Ended June 30,</b>				
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Florida Retirement System (FRS)</b>					
Contractually required contribution	\$ 622,153	\$ 635,819	\$ 581,842	\$ 578,089	\$ 555,913
Contributions in relation to the contractually required contribution	(622,153)	(635,819)	(581,842)	(578,089)	(555,913)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,237,818	\$ 4,227,364	\$ 4,040,432	\$ 3,531,179	\$ 3,986,652
Contributions as a percentage of covered payroll	14.68%	15.04%	14.40%	16.37%	13.94%
<b>Health Insurance Subsidy Program (HIS)</b>					
Contractually required contribution	\$ 70,348	\$ 70,174	\$ 67,071	\$ 44,493	\$ 47,840
Contributions in relation to the contractually required contribution	(70,348)	(70,174)	(67,071)	(44,493)	(47,840)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,237,818	\$ 4,227,364	\$ 4,040,432	\$ 3,531,179	\$ 3,986,652
Contributions as a percentage of covered payroll	1.66%	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, 2018**

	<b>Board of County Commissioners</b>	<b>Clerk of Circuit Court</b>	<b>Sheriff</b>	<b>Tax Collector</b>	<b>Property Appraiser</b>	<b>Supervisor of Elections</b>	<b>Subtotals</b>	<b>Interfund Eliminations</b>	<b>Totals</b>
<b>ASSETS</b>									
Cash and cash equivalents	\$ 1,302,014	\$ 116,115	\$ 151,462	\$ 14,015	\$ 35,116	\$ 26,150	\$ 1,644,872	\$ -	\$ 1,644,872
Accounts receivable	1,084	-	-	-	-	-	1,084	-	1,084
Due from other governments	912,316	90,182	-	-	-	-	1,002,498	-	1,002,498
Due from consitutional officers	147,550	-	-	-	-	-	147,550	147,550	-
Due from other funds	246,175	15,215	-	-	-	-	-	-	-
Total Assets	<u>\$ 2,609,139</u>	<u>\$ 221,512</u>	<u>\$ 151,462</u>	<u>\$ 14,015</u>	<u>\$ 35,116</u>	<u>\$ 26,150</u>	<u>\$ 3,057,394</u>	<u>\$ 147,550</u>	<u>\$ 2,909,844</u>
<b>LIABILITIES AND FUND BALANCES</b>									
<b>Liabilities</b>									
Accounts payable	\$ 137,121	\$ 13,614	\$ 85,878	\$ -	\$ 23,209	\$ -	\$ 259,822	\$ -	\$ 259,822
Accrued expenses	20,231	21,751	-	-	7,063	-	49,045	-	49,045
Due to other governments	52,731	27,118	-	-	93	-	79,942	-	79,942
Due to Board of County Commissioners	-	61,361	65,584	14,015	4,751	1,839	147,550	147,550	-
Unearned revenue	-	-	-	-	-	24,311	24,311	-	24,311
Due to other funds	20,140	-	-	-	-	-	20,140	-	20,140
Total liabilities	<u>230,223</u>	<u>123,844</u>	<u>151,462</u>	<u>14,015</u>	<u>35,116</u>	<u>26,150</u>	<u>580,810</u>	<u>147,550</u>	<u>433,260</u>
<b>Fund Balances</b>									
Restricted for court operations	-	97,668	-	-	-	-	97,668	-	97,668
Assigned for jail reconstruction	30,000	-	-	-	-	-	30,000	-	30,000
Unassigned	2,348,916	-	-	-	-	-	2,348,916	-	2,348,916
Total fund balances	<u>2,378,916</u>	<u>97,668</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,476,584</u>	<u>-</u>	<u>2,476,584</u>
<b>Total Liabilities and Fund balances</b>	<u>\$ 2,609,139</u>	<u>\$ 221,512</u>	<u>\$ 151,462</u>	<u>\$ 14,015</u>	<u>\$ 35,116</u>	<u>\$ 26,150</u>	<u>\$ 3,057,394</u>	<u>\$ 147,550</u>	<u>\$ 2,909,844</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**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<b>Board of County Commissioners</b>	<b>Clerk of Circuit Court</b>	<b>Sheriff</b>	<b>Tax Collector</b>	<b>Property Appraiser</b>	<b>Supervisor of Elections</b>	<b>Subtotals</b>	<b>Interfund Eliminations</b>	<b>Totals</b>
<b>Revenues</b>									
Taxes	\$ 2,849,645	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,849,645	\$ -	\$ 2,849,645
Licenses and permits	70,870	-	-	-	-	-	70,870	-	70,870
Intergovernmental	3,160,863	371,906	-	-	7,686	-	3,540,455	-	3,540,455
Charges for services	97,823	141,727	-	233,759	400	298	474,007	-	474,007
Fines and forfeitures	36,802	37,337	-	-	-	-	74,139	-	74,139
Miscellaneous revenues	40,921	6,165	-	316	178	-	47,580	-	47,580
Total revenues	6,256,924	557,135	-	234,075	8,264	298	7,056,696	-	7,056,696
<b>Expenditures</b>									
Current:									
General governmen	753,841	230,863	25,462	337,060	403,128	428,834	2,179,188	-	2,179,188
Public safety	523,535	-	2,048,192	-	-	-	2,571,727	-	2,571,727
Physical environment	308,133	-	-	-	-	-	308,133	-	308,133
Economic environment	6,713	-	-	-	-	-	6,713	-	6,713
Human services	293,226	-	-	-	-	-	293,226	-	293,226
Culture and recreation	151,263	-	-	-	-	-	151,263	-	151,263
Court related	255,205	480,519	-	-	-	-	735,724	-	735,724
Debt service:									
Principal	-	-	-	-	-	12,820	12,820	-	12,820
Total expenditures	2,291,916	711,382	2,073,654	337,060	403,128	441,654	6,258,794	-	6,258,794
<b>Excess (deficiency) of revenues over (under) expenditures</b>	3,965,008	(154,247)	(2,073,654)	(102,985)	(394,864)	(441,356)	797,902	-	797,902
<b>Other financing sources (uses)</b>									
Transfers in	83,402	-	-	-	-	-	83,402	-	83,402
Transfers out	(753,550)	-	-	-	-	-	(753,550)	-	(753,550)
Appropriations to constitutional officers	(3,319,312)	235,596	2,123,906	117,000	399,615	443,195	-	-	-
Article V reversion	-	(20,014)	-	-	-	-	(20,014)	-	(20,014)
Reversions from constitutional officers	132,218	(61,361)	(50,252)	(14,015)	(4,751)	(1,839)	-	-	-
Total other financing sources	(3,857,242)	154,221	2,073,654	102,985	394,864	441,356	(690,162)	-	(690,162)
<b>Net change in fund balances</b>	107,766	(26)	-	-	-	-	107,740	-	107,740
<b>Fund balances, beginning of year</b>	2,271,150	97,694	-	-	-	-	2,368,844	-	2,368,844
<b>Fund balances, end of year</b>	<u>\$ 2,378,916</u>	<u>\$ 97,668</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,476,584</u>	<u>\$ -</u>	<u>\$ 2,476,584</u>

See accompanying notes to financial statements.

**UNION COUNTY, FLORIDA  
COMBINING BALANCE SHEETS  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2018**

	Sheriff Surcharge	Solid Waste	CDBG	911	Emergency Management	Public Library	Local Housing	County Law Enforcement	Landfill LTC	Clerk Records Modernization	Sheriff Inmate Welfare	Intergovernmental Shared Revenue	Totals
<b>ASSETS</b>													
Cash and cash equivalents	\$ 39,775	\$ 419,886	\$ -	\$ 48,233	\$ 75,145	\$ 120,244	\$ 215,203	\$ 32,011	\$ -	\$ 84,802	\$ 60,411	\$ 38,154	\$ 1,133,864
Accounts receivable, net	-	4,314	-	-	-	-	-	-	-	-	-	-	4,314
Due from other governments	-	39,800	-	51,873	43,354	-	-	-	-	-	-	-	135,027
Due from other funds	-	3,761	-	-	2,528	-	-	-	-	1,325	-	-	7,614
<b>Total Assets</b>	<u>\$ 39,775</u>	<u>\$ 467,761</u>	<u>\$ -</u>	<u>\$ 100,106</u>	<u>\$ 121,027</u>	<u>\$ 120,244</u>	<u>\$ 215,203</u>	<u>\$ 32,011</u>	<u>\$ -</u>	<u>\$ 86,127</u>	<u>\$ 60,411</u>	<u>\$ 38,154</u>	<u>\$ 1,280,819</u>
<b>LIABILITIES AND FUND BALANCES</b>													
<b>Liabilities</b>													
Accounts payable	\$ -	\$ 27,174	\$ -	\$ 361	\$ 26,788	\$ 170	\$ 5,233	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59,726
Accrued expenses	-	13,015	-	6,202	2,132	6,376	-	-	-	-	-	-	27,725
Due to other governments	-	18,289	-	-	-	59	-	-	-	-	-	-	18,348
Due to other funds	-	19,931	-	14,482	3,482	8,374	3,150	-	-	-	-	-	49,419
Unearned revenues	-	-	-	-	-	-	206,820	-	-	-	-	-	206,820
<b>Total liabilities</b>	<u>-</u>	<u>78,409</u>	<u>-</u>	<u>21,045</u>	<u>32,402</u>	<u>14,979</u>	<u>215,203</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>362,038</u>
<b>Fund Balances</b>													
Restricted for:													
Court operations	-	-	-	-	-	-	-	-	-	86,127	-	-	86,127
Law enforcement	39,775	-	-	79,061	-	-	-	32,011	-	-	-	38,154	189,001
Solid waste operations	-	389,352	-	-	-	-	-	-	-	-	-	-	389,352
Library	-	-	-	-	-	105,265	-	-	-	-	-	-	105,265
Other purposes	-	-	-	-	-	-	-	-	-	-	60,411	-	60,411
Assigned to:													
Emergency management	-	-	-	-	88,625	-	-	-	-	-	-	-	88,625
<b>Total fund balances</b>	<u>39,775</u>	<u>389,352</u>	<u>-</u>	<u>79,061</u>	<u>88,625</u>	<u>105,265</u>	<u>-</u>	<u>32,011</u>	<u>-</u>	<u>86,127</u>	<u>60,411</u>	<u>38,154</u>	<u>918,781</u>
<b>Total Liabilities and Fund balances</b>	<u>\$ 39,775</u>	<u>\$ 467,761</u>	<u>\$ -</u>	<u>\$ 100,106</u>	<u>\$ 121,027</u>	<u>\$ 120,244</u>	<u>\$ 215,203</u>	<u>\$ 32,011</u>	<u>\$ -</u>	<u>\$ 86,127</u>	<u>\$ 60,411</u>	<u>\$ 38,154</u>	<u>\$ 1,280,819</u>

See accompanying notes to financial statements.

**UNION COUNTY, FLORIDA**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<b>Sheriff Surcharge</b>	<b>Solid Waste</b>	<b>CDBG</b>	<b>911</b>	<b>Emergency Management</b>	<b>Public Library</b>	<b>County Law Enforcement</b>	<b>Landfill LTC</b>	<b>Clerk Records Modernization</b>	<b>Sheriff Inmate Welfare</b>	<b>Intergovernmental Shared Revenue</b>	<b>Total</b>
<b>Revenues</b>												
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 111,764	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 111,764
Licenses and permits	-	291,783	-	-	-	-	-	-	-	-	-	291,783
Intergovernmental	-	90,909	147,156	156,339	151,630	93,321	-	-	-	-	252,570	891,925
Charges for services	-	220,897	-	-	-	-	-	-	14,822	5,783	-	241,502
Fines and forfeitures	8,531	-	-	-	-	-	1,794	-	-	-	-	10,325
Miscellaneous revenues	(2,866)	35,293	-	71	-	23,433	-	38	-	-	27,370	83,339
Total revenues	5,665	638,882	147,156	156,410	151,630	228,518	1,794	38	14,822	5,783	279,940	1,630,638
<b>Expenditures</b>												
Current:												
Public safety	-	-	-	270,441	217,076	-	625	-	-	-	252,570	740,712
Physical environment	-	857,487	-	-	-	-	-	-	-	-	-	857,487
Economic environment	-	-	147,573	-	-	-	-	-	-	-	-	147,573
Culture and recreation	-	-	-	-	-	243,283	-	-	-	-	-	243,283
Court related	-	-	-	-	-	-	-	-	3,169	-	-	3,169
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	866,475	147,573	270,441	217,076	243,283	625	-	3,169	-	252,570	2,001,212
<b>Excess (deficiency) of revenues over (under) expenditures</b>	5,665	(227,593)	(417)	(114,031)	(65,446)	(14,765)	1,169	38	11,653	5,783	27,370	(370,574)
<b>Other financing sources (uses)</b>												
Contributions from joint venture	-	330,001	-	-	-	-	-	-	-	-	-	330,001
Transfers in	-	1,184	418	138,657	76,426	-	-	-	-	-	-	216,685
Transfers out	-	-	(36)	-	-	-	-	(40,802)	-	-	-	(40,838)
Total other financing sources	-	331,185	382	138,657	76,426	-	-	(40,802)	-	-	-	505,848
<b>Net change in fund balances</b>	5,665	103,592	(35)	24,626	10,980	(14,765)	1,169	(40,764)	11,653	5,783	27,370	135,274
<b>Fund balances, beginning of year</b>	34,110	285,760	35	54,435	77,645	120,030	30,842	40,764	74,474	54,628	10,784	783,507
<b>Fund balances, end of year</b>	\$ 39,775	\$ 389,352	\$ -	\$ 79,061	\$ 88,625	\$ 105,265	\$ 32,011	\$ -	\$ 86,127	\$ 60,411	\$ 38,154	\$ 918,781

See accompanying notes to financial statements.

**UNION COUNTY, FLORIDA**  
**COMBINING SCHEDULE OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2018**

	<b>Clerk of Circuit Court</b>	<b>Sheriff</b>	<b>Tax Collector</b>	<b>Total Agency Funds</b>
<b>ASSETS</b>				
Cash and equivalents	\$ 229,570	\$ 5,415	\$ 120,880	\$ 355,865
Receivables	1,333	-	-	1,333
Due from other funds	417	-	-	417
Total assets	<u>\$ 231,320</u>	<u>\$ 5,415</u>	<u>\$ 120,880</u>	<u>\$ 357,615</u>
<b>LIABILITIES</b>				
Assets held for others	\$ 185,503	\$ 5,415	\$ 120,880	\$ 311,798
Accounts payable and accrued expenses	288	-	-	288
Due to other funds	16,957	-	-	16,957
Due to other governments	28,572	-	-	28,572
Total liabilities	<u>\$ 231,320</u>	<u>\$ 5,415</u>	<u>\$ 120,880</u>	<u>\$ 357,615</u>
<b>NET POSITION</b>	<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, 2018**

<u>State Grantor/Pass Through Grantor/Program Title</u>	<u>State CSFA Number</u>	<u>Contract Number</u>	<u>Expenditures</u>
<b><u>STATE FINANCIAL ASSISTANCE</u></b>			
<b>Executive Office of the Governor</b>			
Passed through Division of Emergency Management			
Emergency Management Programs	31.063	18-BG-W9-03-73-01-240	\$ 78,543
Emergency Management Programs	31.063	19-BG-21-03-73-01-103	30,557
			<u>109,100</u>
Emergency Management Projects	31.067	18-CP-11-03-73-01-J78	1,447
Total Executive Officer of the Governor			<u>110,547</u>
<b>Florida Department of Environmental Protection</b>			
Small County Consolidated Grants	37.012	SC730	90,909
Florida Recreation Development Assistance Program	37.017	A6107	38,024
Florida Recreation Development Assistance Program	37.017	A7037	40,374
Florida Recreation Development Assistance Program	37.017	A7050	42,445
Total Florida Department of Environmental Protection			<u>211,752</u>
<b>Florida Department of Management Services</b>			
Wireless 911 Emergency Telephone System Rural County Grant Program	72.001	17-11-20	34,935
Wireless 911 Emergency Telephone System Rural County Grant Program	72.001	18-04-27	17,460
			<u>52,394</u>
<b>Florida Department of State and Secretary of State</b>			
State Aid to Libraries	45.030	17-ST-40	23,179
State Aid to Libraries	45.030	18-ST-40	67,501
			<u>90,680</u>
<b>Florida Housing Finance Agency</b>			
State Housing Initiatives Partnership (SHIP)	40.901	2016/2017	57,288
State Housing Initiatives Partnership (SHIP)	40.901	2017/2018	170,550
			<u>227,838</u>
<b>Florida Department of Transportation</b>			
Small County Outreach Program Agreement (SCOP)	55.009	436463-1-54-01	848
Small County Outreach Program Agreement (SCOP)	55.009	434561-1-54-01	22,175
			<u>23,023</u>
Small County Road Assistance Program (SCRAP)	55.016	G0K95	26,982
Small County Road Assistance Program (SCRAP)	55.016	G0905	258,936
Small County Road Assistance Program (SCRAP)	55.016	G0904	152,980
Small County Road Assistance Program (SCRAP)	55.016	G0U63	5,330
Total Florida Department of Transportation			<u>467,250</u>
<b>Florida Department of Agriculture and Consumer Services</b>			
Union County Extension and Education Center	42.044	FDACS-02016	167,475
<b>Total Expenditures of State Financial Assistance</b>			<u><u>\$ 1,327,936</u></u>

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

**UNION COUNTY, FLORIDA, FLORIDA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF**  
**STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**(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 Section 215.97, Florida Statutes. 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, 2018, the County provided no state awards to subrecipients.

**(3) Contingency:**

Project expenditures are subject to audit and adjustment. If any expenditures were to be disallowed by the grantor agency as a result of such an audit, any claim for reimbursement to the grantor agency would become a liability of the County. In the opinion of management, all project expenditures included on the accompanying schedule are in compliance with the terms of the project agreements and applicable federal and state laws and regulations.

## **OTHER REPORTS AND SCHEDULE**

**UNION COUNTY, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**A. Summary of Auditors' Results:**

***Financial Statements:***

Type of audit report issued on the financial statements: *Unmodified*

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ yes      X   no

Significant deficiency(ies) identified? \_\_\_\_\_ yes      X   none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes      X   no

***State Financial Assistance:***

Internal control over major State projects:

Material weakness(es) identified? \_\_\_\_\_ yes      X   no

Significant deficiency(ies) identified? \_\_\_\_\_ yes      X   none reported

Type of auditor's report issued on compliance for major State projects: *Unmodified*

Any audit findings disclosed that are required to be reported for state financial assistance projects in accordance with Chapter 10.550? \_\_\_\_\_ yes      X   none reported

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Identification of major State programs:

CSFA Number	Program Name
55.016	Small County Outreach Program Agreement (SCOP)
42.044	Union County Extension and Education Center
72.001	Wireless 911 Emergency Telephone System Rural County Grant Program

**B. Financial Statement Findings:** None.

**C. State Project Findings and Questioned Costs:** None.

**D. Summary Schedule of Prior Audit Findings:** See Summary Schedule of Prior Audit Findings / Management's Response to Current Year Findings as listed in the table of contents.

**E. Corrective Action Plan:** Not applicable as there are not current year findings.



**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 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, 2018. 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, 2018.

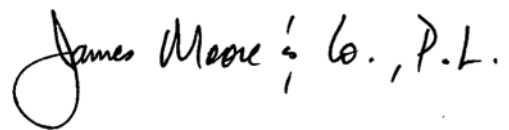
## Report on Internal Control over Compliance

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.

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

Gainesville, Florida  
March 29, 2019

**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, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 29, 2019.

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.

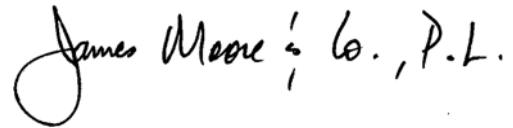
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given 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 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*.

### **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  
March 29, 2019

**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, 2018, and have issued our report thereon dated March 29, 2019.

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 March 29, 2019, 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.

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2477 Tim Gamble Place, Suite 200  
Tallahassee, FL 32308-4386  
Telephone: 850-386-6184

### **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.

### **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 State grant agencies, the Board of County Commissioners, management, and others within the County and is not intended to be and should not be used by anyone other than these specified parties.

 James Moore & Co., P.L.

Gainesville, Florida  
March 29, 2019

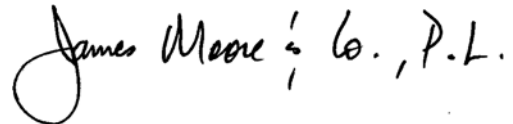
## INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

To 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, 2018. 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, 2018, 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, 2018.



Gainesville, Florida  
March 29, 2019

**UNION COUNTY, FLORIDA**  
**SCHEDULE OF PRIOR AUDIT FINDINGS / MANAGEMENT'S RESPONSE TO CURRENT**  
**YEAR FINDINGS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**Summary Schedule of Prior Audit Findings / Management's Response to Current Year Findings**

**2017-001 – Proper Recording of Construction in Progress:** Corrective action taken.

**Management's Response To Current Year Findings**

N/A as there were no current year audit findings.



**UNION COUNTY CLERK OF THE CIRCUIT COURT**

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

**SEPTEMBER 30, 2018**

**UNION COUNTY CLERK OF THE CIRCUIT COURT**

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

**SEPTEMBER 30, 2018**

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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 and the aggregate remaining fund information of the Union County Clerk of the Circuit Court (the Office), as of and for the year ended September 30, 2018, 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***

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.

## ***Opinion***

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 Union County Clerk of the Circuit Court as of September 30, 2018, 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, 2018, 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.

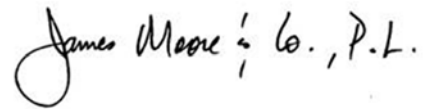
### ***Other Information***

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  
March 29, 2019

**UNION COUNTY CLERK OF THE CIRCUIT COURT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2018**

	<u>General Fund</u>	<u>Records Modernization</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 116,115	\$ 84,802	\$ 200,917
Due from other funds	15,215	1,325	16,540
Due from other governments	90,182	-	90,182
<b>Total Assets</b>	<u>\$ 221,512</u>	<u>\$ 86,127</u>	<u>\$ 307,639</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable and accrued expenses	\$ 35,365	\$ -	\$ 35,365
Due to other governments	88,479	-	88,479
<b>Total Liabilities</b>	<u>123,844</u>	<u>-</u>	<u>123,844</u>
<b>Fund Balances</b>			
Restricted	97,668	86,127	183,795
<b>Total Liabilities and Fund Balances</b>	<u>\$ 221,512</u>	<u>\$ 86,127</u>	<u>\$ 307,639</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, 2018**

	<b>General Fund</b>	<b>Records Modernization</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>			
Intergovernmental revenue	\$ 371,906	\$ -	\$ 371,906
Charges for services	141,727	14,822	156,549
Fines and forfeitures	37,337	-	37,337
Miscellaneous revenue	6,165	-	6,165
Total revenues	<u>557,135</u>	<u>14,822</u>	<u>571,957</u>
<b>Expenditures</b>			
Current:			
General government	230,863	-	230,863
Court related	480,519	3,169	483,688
Total expenditures	<u>711,382</u>	<u>3,169</u>	<u>714,551</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(154,247)</u>	<u>11,653</u>	<u>(142,594)</u>
<b>Other financing sources (uses)</b>			
Appropriations from Board of County Commissioners	235,596	-	235,596
Article V Reversion	(20,014)	-	(20,014)
Reversion to Board of County Commissioners	(61,361)	-	(61,361)
<b>Total other financing sources (uses)</b>	<u>154,221</u>	<u>-</u>	<u>154,221</u>
<b>Net change in fund balance</b>	<u>(26)</u>	<u>11,653</u>	<u>11,627</u>
<b>Fund Balance, beginning of year</b>	97,694	74,474	172,168
<b>Fund Balance, end of year</b>	<u><u>\$ 97,668</u></u>	<u><u>\$ 86,127</u></u>	<u><u>\$ 183,795</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, 2018**

<b>Assets</b>	
Cash and cash equivalents	\$ 229,570
Receivables	1,333
Due From other funds	417
<b>Total Assets</b>	<u><u>\$ 231,320</u></u>
<b>Liabilities</b>	
Assets held for others	\$ 185,503
Accounts payable and accrued expenses	288
Due to other funds	16,957
Due to other governments	28,572
<b>Total Liabilities</b>	<u><u>\$ 231,320</u></u>
<b>Net Position</b>	<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 SPECIAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**(1) 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 in the Governmental Accounting Standards Board (GASB) Codification. 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 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.

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.

(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 CLERK OF THE CIRCUIT COURT  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

(1) **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 Office 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) **Cash**—The Office's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

(f) **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.

(g) **Accounts payable**—Accounts payable balances in the general fund are primarily payable to third-party vendors for goods provided and services rendered.

(h) **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.

(i) **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. Unassigned fund balance represents funds available for spending at the government's discretion.

The Office 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 Office's general practice when expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available; the Office considers restricted funds to have been spent first. When expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Office considers amounts to have been spent first out of committed funds, then assigned funds, and lastly unassigned funds, as needed.

(j) **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.

**UNION COUNTY CLERK OF THE CIRCUIT COURT  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**(1) Summary of Significant Accounting Policies:** (Continued)

(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, 2018.

**(2) 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

**(3) 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 subject to Federal Depository Insurance Corporation (FDIC) insurance, and/or the State of Florida collateral pool established under the Florida Security for Public Deposits Act (the Act).

**(4) 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.

**(5) Long-term Liabilities:**

A summary of changes in long-term liabilities of the Office for the fiscal year ended September 30, 2018, follows:

	<u>Beginning</u>				<u>Ending</u>	<u>Due Within</u>
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>		<u>Balance</u>	<u>One Year</u>
Compensated absences	\$ 47,603	\$ 27,472	\$ (23,327)	\$	51,748	\$ 12,586

**UNION COUNTY CLERK OF THE CIRCUIT COURT  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**(6) Pension Plan:**

**A. Florida Retirement System**

**Plan Description and Administration**

The entity 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 entity 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, 2018, 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.

**Benefits Provided and Employees Covered**

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 four 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.

**UNION COUNTY CLERK OF THE CIRCUIT COURT  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**(6) Pension Plan:** (Continued)

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](http://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**

Employers may participate in certain classes of FRS membership. The employee contribution rate for eligible employees are 3.0%. Each class has descriptions and employer contribution rates in effect during the fiscal year ended September 30, 2018, as follows (contribution rates are in agreement with the actuarially determined rates):

<b>FRS Membership Plan &amp; Class</b>	<b>Through June 30, 2018</b>	<b>After June 30, 2018</b>
Regular Class	7.92%	8.26%
Senior Management	22.71%	24.06%
Special Risk	23.27%	24.50%
DROP – Applicable to members above	13.26%	14.03%
Elected Officer Class - County	45.50%	48.70%

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll, included in the above rates.

Actual contributions made for entity employees participating in FRS and HIS for the plan year ended June 30, 2018, were as follows:

Entity Contributions – FRS	\$ 56,813
Entity Contributions – HIS	7,588
Employee Contributions – FRS	13,713

**UNION COUNTY CLERK OF THE CIRCUIT COURT  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**(6) Pension Plan:** (Continued)

**Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions**

At September 30, 2018, the entity reported a net pension liability related to FRS and HIS as follows:

<u>Plan</u>	<u>Net Pension Liability</u>
FRS	\$ 600,455
HIS	<u>148,090</u>
Total	<u>\$ 748,545</u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer proportion of the net pension liability was based on a projection of the organization'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, 2018 and June 30, 2017, the organization's proportionate share of the FRS and HIS net pension liabilities were as follows:

<u>Plan</u>	<u>2018</u>	<u>2017</u>
FRS	0.001993507%	0.001934901%
HIS	0.001399168%	0.001389488%

For the plan year ended June 30, 2018, pension expense was recognized related to the FRS and HIS plans as follows:

FRS	\$ 120,227
HIS	<u>6,038</u>
Total	<u>\$ 126,265</u>

*Deferred outflows/inflows related to pensions:*

At September 30, 2018, deferred outflows of resources and deferred inflows of resources related to pensions were recorded from the following sources:

	<u>FRS</u>		<u>HIS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 50,868	\$ (1,846)	\$ 2,267	\$ (252)
Changes of assumptions	196,199	-	16,469	(15,657)
Net different between projected and actual investment earnings	-	(46,392)	89	-
Change in proportionate share	48,643	(36,790)	844	(22,144)
Contributions subsequent to measurement date	13,988	-	1,738	-
	<u>\$ 309,698</u>	<u>\$(85,028)</u>	<u>\$ 21,407</u>	<u>\$(38,053)</u>

**UNION COUNTY CLERK OF THE CIRCUIT COURT**  
**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

(6) **Pension Plan:** (Continued)

The above amounts for deferred outflows of resources for contributions related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2019. 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:

2019	\$	79,523
2020		44,983
2021		(582)
2022		31,824
2023		21,714
Thereafter		<u>14,836</u>
Total	\$	<u>192,298</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 7.00%. This rate decreased from the prior year rate, which was 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 3.87% was used to determine was used to determine the total pension for the program. This rate increased from the prior year rate, which was 3.58%. 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 2018, 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.

**UNION COUNTY CLERK OF THE CIRCUIT COURT  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

(6) **Pension Plan:** (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Arithmetic Expected Rate of Return</u>
Cash	1.0%	2.9%
Fixed income	18.0%	4.4%
Global equities	54.0%	7.6%
Real estate	11.0%	6.6%
Private equity	10.0%	10.7%
Strategic investments	6.0%	6.0%
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 entity calculated using the current discount rates, as well as what the entity'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	7.00%	\$ 1,095,855	\$ 600,455	\$ 188,995
HIS	3.87%	168,665	148,090	130,938



## **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, 2018**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues</b>				
Intergovernmental revenue	\$ 401,928	\$ 401,928	\$ 371,906	\$ (30,022)
Charges for services	116,577	116,577	141,727	25,150
Fines and forfeitures	37,337	37,337	37,337	-
Miscellaneous revenue	-	-	6,165	6,165
Total revenues	<u>555,842</u>	<u>555,842</u>	<u>557,135</u>	<u>1,293</u>
<b>Expenditures</b>				
Current:				
General government	251,219	251,219	230,863	20,356
Court related	483,622	483,622	480,519	3,103
Total expenditures	<u>734,841</u>	<u>734,841</u>	<u>711,382</u>	<u>23,459</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(178,999)</u>	<u>(178,999)</u>	<u>(154,247)</u>	<u>24,752</u>
<b>Other financing sources (uses)</b>				
Appropriations from Board of County Commissioners	235,044	235,044	235,596	552
Article V Reversion	-	-	(20,014)	(20,014)
Reversion to Board of County Commissioners	(55,668)	(55,668)	(61,361)	(5,693)
<b>Total other financing sources (uses)</b>	<u>179,376</u>	<u>179,376</u>	<u>154,221</u>	<u>(25,155)</u>
<b>Net change in fund balance</b>	377	377	(26)	(403)
<b>Fund Balance, beginning of year</b>	97,694	97,694	97,694	-
<b>Fund Balance, end of year</b>	<u>\$ 98,071</u>	<u>\$ 98,071</u>	<u>\$ 97,668</u>	<u>\$ (403)</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, 2018**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Charges for services	13,500	13,500	14,822	1,322
<b>Expenditures</b>				
Current:				
Court related	23,500	23,500	3,169	20,331
<b>Net change in fund balance</b>	<u>(10,000)</u>	<u>(10,000)</u>	<u>11,653</u>	<u>21,653</u>
<b>Fund Balance, beginning of year</b>	74,474	74,474	74,474	-
<b>Fund Balance, end of year</b>	<u><u>\$ 64,474</u></u>	<u><u>\$ 64,474</u></u>	<u><u>\$ 86,127</u></u>	<u><u>\$ 21,653</u></u>

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

**UNION COUNTY CLERK OF THE CIRCUIT COURT  
NOTE TO SCHEDULES OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**(1) Budgetary Information:**

An annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund and the records modernization trust fund. 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. 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)**

	2018	2017	2016	2015	2014
<b>Florida Retirement System (FRS)</b>					
Proportion of the net pension liability	0.001993507%	0.001934901%	0.002185096%	0.002320508%	0.002006564%
Proportionate share of the net pension liability	\$ 600,455	\$ 572,331	\$ 551,738	\$ 299,725	\$ 122,430
Covered payroll	457,092	444,280	488,581	504,114	515,087
Proportionate share of the net pension liability as a percentage of its covered payroll	131.36%	128.82%	112.93%	59.46%	23.77%
Plan fiduciary net position as a percentage of the total pension liability	84.26%	83.89%	84.88%	92.00%	96.09%
<b>Health Insurance Subsidy Program (HIS)</b>					
Proportion of the net pension liability	0.001399168%	0.001389488%	0.001582630%	0.001661637%	0.001733610%
Proportionate share of the net pension liability	\$ 148,090	\$ 148,571	\$ 184,449	\$ 169,461	\$ 162,097
Covered payroll	457,092	444,280	488,581	504,114	515,087
Proportionate share of the net pension liability as a percentage of its covered payroll	32.40%	33.44%	37.75%	33.62%	31.47%
Plan fiduciary net position as a percentage of the total pension liability	2.15%	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)**

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Florida Retirement System (FRS)</b>					
Contractually required contribution	\$ 56,813	\$ 60,265	\$ 62,863	\$ 65,808	\$ 54,443
Contributions in relation to the contractually required contribution	<u>(56,813)</u>	<u>(60,265)</u>	<u>(62,863)</u>	<u>(65,808)</u>	<u>(54,443)</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered-employee payroll	\$ 457,092	\$ 444,280	\$ 488,581	\$ 504,114	\$ 515,087
Contributions as a percentage of covered payroll	12.43%	13.56%	12.87%	13.05%	10.57%
<b>Health Insurance Subsidy Program (HIS)</b>					
Contractually required contribution	\$ 7,588	\$ 7,375	\$ 8,110	\$ 6,352	\$ 6,181
Contributions in relation to the contractually required contribution	<u>(7,588)</u>	<u>(7,375)</u>	<u>(8,110)</u>	<u>(6,352)</u>	<u>(6,181)</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered-employee payroll	\$ 457,092	\$ 444,280	\$ 488,581	\$ 504,114	\$ 515,087
Contributions as a percentage of covered payroll	1.66%	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, 2018**

	<b>General Agency Fund</b>	<b>Domestic Relations Fund</b>	<b>Registry of Court Fund</b>	<b>Total Agency Funds</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 40,460	\$ 4,024	\$ 185,086	\$ 229,570
Receivables	1,333	-	-	1,333
Due from other funds	-	-	417	417
<b>Total Assets</b>	<b>\$ 41,793</b>	<b>\$ 4,024</b>	<b>\$ 185,503</b>	<b>\$ 231,320</b>
<b>Liabilities</b>				
Assets held for others	\$ -	\$ -	\$ 185,503	\$ 185,503
Accounts payable and accrued expenses	288	-	-	288
Due to other funds	14,447	2,510	-	16,957
Due to other governments	27,058	1,514	-	28,572
<b>Total Liabilities</b>	<b>\$ 41,793</b>	<b>\$ 4,024</b>	<b>\$ 185,503</b>	<b>\$ 231,320</b>
<b>Net Position</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

See accompanying notes to financial statements.



## **ADDITIONAL INFORMATION**

**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 financial statements of the general fund of the Union County Clerk of the Circuit Court (the Office) as of and for the year ended September 30, 2018, 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 March 29, 2019, 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 Office'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 Office'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.

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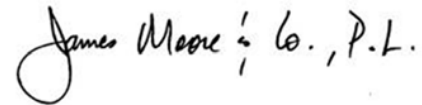
2477 Tim Gamble Place, Suite 200  
Tallahassee, FL 32308-4386  
Telephone: 850-386-6184

### ***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  
March 29, 2019

**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 financial statements of the Union County Clerk of the Circuit Court (the Office), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated March 29, 2019.

**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 those reports, which are dated March 29, 2019, 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 all findings and recommendations made in the preceding financial audit report.

**Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. 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.

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## **Financial Management**

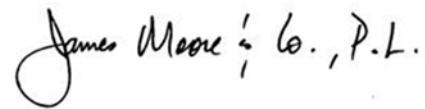
Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

## **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 & Co., P.L.". The signature is written in a cursive, flowing style.

Gainesville, Florida  
March 29, 2019

## INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

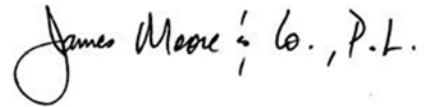
The Honorable Kellie Hendricks Connell, Union County Clerk of the Circuit Court,  
Union County, Florida:

We have examined the Union County Clerk of the Circuit Court's (the Office) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2018. Management is responsible for the Office's compliance with those requirements. Our responsibility is to express an opinion on the Office'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 Office complied with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2018, in all material respects. An examination involves performing procedures to obtain evidence about the Office'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, 2018.

Gainesville, Florida  
March 29, 2019



**UNION COUNTY SHERIFF**  
**SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**AND INDEPENDENT AUDITORS' REPORT**  
**SEPTEMBER 30, 2018**

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

**SEPTEMBER 30, 2018**

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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 and the aggregate remaining fund information of the Union County Sheriff (the Office), as of and for the year ended September 30, 2018, 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.

## ***Opinion***

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 Union County Sheriff as of September 30, 2018, 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, 2018, 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.

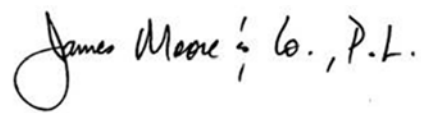
## ***Other Matters***

### ***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 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  
March 29, 2019

**UNION COUNTY SHERIFF  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2018**

	<b>General Fund</b>	<b>Special Revenue Inmate Welfare Fund</b>	<b>Intergovernmental Shared Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	<u>\$ 151,462</u>	<u>\$ 60,411</u>	<u>\$ 38,154</u>	<u>\$ 250,027</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued expenditures	\$ 85,878	\$ -	\$ -	\$ 85,878
Due to other governments	<u>65,584</u>	<u>-</u>	<u>-</u>	<u>65,584</u>
<b>Total Liabilities</b>	151,462	-	-	151,462
Fund Balances:				
Restricted	-	60,411	38,154	98,565
<b>Total Liabilities and Fund Balance</b>	<u>\$ 151,462</u>	<u>\$ 60,411</u>	<u>\$ 38,154</u>	<u>\$ 250,027</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**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Special Revenue</u>			
	<u>General</u>	<u>Inmate Welfare</u>	<u>Intergovernmental</u>	<u>Total</u>
	<u>Fund</u>	<u>Fund</u>	<u>Shared</u>	<u>Governmental</u>
			<u>Fund</u>	<u>Funds</u>
<b>Revenues</b>				
Intergovernmental	\$ -	\$ -	\$ 252,570	\$ 252,570
Charges for services	-	5,783	-	5,783
Miscellaneous revenue	-	-	27,370	27,370
Total revenues	<u>-</u>	<u>5,783</u>	<u>279,940</u>	<u>285,723</u>
<b>Expenditures</b>				
General government	25,462	-	-	25,462
Public safety	2,048,192	-	252,570	2,300,762
Total expenditures	<u>2,073,654</u>	<u>-</u>	<u>252,570</u>	<u>2,326,224</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(2,073,654)</u>	<u>5,783</u>	<u>27,370</u>	<u>(2,040,501)</u>
<b>Other financing sources (uses)</b>				
Appropriations from board of county commissioners	2,123,906	-	-	2,123,906
Reversion to board of county commissioners	(50,252)	-	-	(50,252)
<b>Total other financing sources (uses)</b>	<u>2,073,654</u>	<u>-</u>	<u>-</u>	<u>2,073,654</u>
<b>Net change in fund balance</b>	<u>-</u>	<u>5,783</u>	<u>27,370</u>	<u>33,153</u>
<b>Fund balances, beginning of year</b>	-	54,628	10,784	65,412
<b>Fund balances, end of year</b>	<u>\$ -</u>	<u>\$ 60,411</u>	<u>\$ 38,154</u>	<u>\$ 98,565</u>

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, 2018**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and equivalents	<u>\$          5,415</u>
<b>LIABILITIES</b>	
Assets held for others	<u>\$          5,415</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, 2018**

**(1) 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 in the Governmental Accounting Standards Board (GASB) Codification. 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, 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.

*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 fiduciary fund type:

*Agency Fund* – 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 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 SHERIFF  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

(1) **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 Office 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) **Cash**—The Office’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

(f) **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.

Depreciation is reported for the primary government using the straight-line method calculated on a service-life basis to amortize the cost of the asset over their estimated economic useful lives, which are as follows:

<u>Assets</u>	<u>Years</u>
Vehicles	4 – 6 years
Building and improvements	20 years
Computer software	3 – 10 years
Machinery and equipment	3 – 20 years

(g) **Accounts payable**—Accounts payable balances in the general fund are primarily payable to third-party vendors for goods provided and services rendered.

(h) **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.

(i) **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 Sheriff 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 SHERIFF  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**(1) Summary of Significant Accounting Policies:** (Continued)

The Office 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 Office's general practice when expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available; the Office considers restricted funds to have been spent first. When expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Office considers amounts to have been spent first out of committed funds, then assigned funds, and lastly unassigned funds, as needed.

(j) **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.

(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, 2018.

**(2) 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

**(3) 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 subject to Federal Depositary Insurance Corporation (FDIC) insurance, and/or the State of Florida collateral pool established under the Florida Security for Public Deposits Act (the Act).



**UNION COUNTY SHERIFF  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**(4) 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.

**(5) Capital Assets:**

A summary of changes in capital asset activity of the Office for the fiscal year ended September 30, 2018, follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets, being depreciated:				
Machinery and equipment	\$ 1,031,516	\$ 91,074	\$ (20,099)	\$ 1,102,491
Building and improvements	22,317	-	-	22,317
Vehicles	813,001	80,607	(188,806)	704,802
Computer software	<u>110,627</u>	-	-	<u>110,627</u>
Total capital assets, being depreciated	<u>1,977,461</u>	<u>171,681</u>	<u>(208,905)</u>	<u>1,940,237</u>
Less accumulated depreciation for:				
Machinery and equipment	(744,107)	(84,655)	19,823	(808,939)
Building and improvements	(6,696)	(1,116)	-	(7,812)
Vehicles	(581,893)	(78,136)	187,211	(472,818)
Computer software	<u>(108,022)</u>	<u>(1,192)</u>	-	<u>(109,214)</u>
Total accumulated depreciation	<u>(1,440,718)</u>	<u>(165,099)</u>	<u>207,034</u>	<u>(1,398,783)</u>
Total capital assets being depreciated, net	<u>\$ 536,743</u>	<u>\$ 6,582</u>	<u>\$ (1,871)</u>	<u>\$ 541,454</u>

Depreciation expense of \$165,099 was charged to the public safety function of the County.

**(6) Long-term Liabilities:**

A summary of changes in long-term liabilities of the Office for the fiscal year ended September 30, 2018, follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Compensated absences	\$ 69,218	\$ 49,634	\$ (34,258)	\$ 84,594	\$ 23,558

**UNION COUNTY SHERIFF  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**(7) Pension Plan:**

**A. Florida Retirement System**

**Plan Description and Administration**

The entity 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 entity 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, 2018, 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.

**Benefits Provided and Employees Covered**

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 four 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.

**UNION COUNTY SHERIFF  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**(7) Pension Plan:** (Continued)

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](http://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**

Employers may participate in certain classes of FRS membership. The employee contribution rate for eligible employees are 3.0%. Each class has descriptions and employer contribution rates in effect during the fiscal year ended September 30, 2018, as follows (contribution rates are in agreement with the actuarially determined rates)

<b>FRS Membership Plan &amp; Class</b>	<b>Through June 30, 2018</b>	<b>After June 30, 2018</b>
Regular Class	7.92%	8.26%
Senior Management	22.71%	24.06%
Special Risk	23.27%	24.50%
DROP – Applicable to members above	13.26%	14.03%
Elected Officer Class - County	45.50%	48.70%

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll, included in the above rates.

Actual contributions made for entity employees participating in FRS and HIS for the plan year ended June 30, 2018, were as follows:

Entity Contributions – FRS	\$ 178,550
Entity Contributions – HIS	18,996
Employee Contributions – FRS	34,330

**UNION COUNTY SHERIFF  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

(7) **Pension Plan:** (Continued)

**Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions**

At September 30, 2018, the entity reported a net pension liability related to FRS and HIS as follows:

<b>Plan</b>	<b>Net Pension Liability</b>
FRS	\$ 1,887,072
HIS	370,741
Total	<u>\$ 2,257,813</u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer proportion of the net pension liability was based on a projection of the organization'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, 2018 and June 30, 2017, the organization's proportionate share of the FRS and HIS net pension liabilities were as follows:

<b>Plan</b>	<b>2018</b>	<b>2017</b>
FRS	0.006265073%	0.006017217%
HIS	0.003502810%	0.003265939%

For the plan year ended June 30, 2018, pension expense was recognized related to the FRS and HIS plans as follows:

FRS	\$ 356,947
HIS	33,941
Total	<u>\$ 390,888</u>

*Deferred outflows/inflows related to pensions:*

At September 30, 2018, deferred outflows of resources and deferred inflows of resources related to pensions were recorded from the following sources:

	<b>FRS</b>		<b>HIS</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 159,863	\$ (5,802)	\$ 5,676	\$ (630)
Changes of assumptions	616,603	-	41,231	(39,198)
Net different between projected and actual investment earnings	-	(145,799)	224	-
Change in proportionate share	122,641	-	41,702	(6,585)
Contributions subsequent to measurement date	56,609	-	5,575	-
	<u>\$ 955,716</u>	<u>\$ (151,601)</u>	<u>\$ 94,408</u>	<u>\$ (46,413)</u>

**UNION COUNTY SHERIFF  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**(7) Pension Plan:** (Continued)

The above amounts for deferred outflows of resources for contributions related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2019. 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:

2019	\$	282,914
2020		201,853
2021		52,455
2022		128,314
2023		76,073
Thereafter		48,317
Total	\$	<u>789,926</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 7.00%. This rate decreased from the prior year rate, which was 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 3.87% was used to determine was used to determine the total pension for the program. This rate increased from the prior year rate, which was 3.58%. 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 2018, 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.

**UNION COUNTY SHERIFF  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

(7) **Pension Plan:** (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Arithmetic Expected Rate of Return</u>
Cash	1.0%	2.9%
Fixed income	18.0%	4.4%
Global equities	54.0%	7.6%
Real estate	11.0%	6.6%
Private equity	10.0%	10.7%
Strategic investments	6.0%	6.0%
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 entity calculated using the current discount rates, as well as what the entity'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	7.00%	\$ 3,443,986	\$ 1,887,072	\$ 593,963
HIS	3.87%	422,253	370,741	327,804

## **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, 2018**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues</b>	\$ -	\$ -	\$ -	\$ -
<b>Expenditures</b>				
General government	26,928	26,928	25,462	1,466
Public safety	2,349,548	2,349,548	2,048,192	301,356
Total expenditures	2,376,476	2,376,476	2,073,654	302,822
<b>Excess (deficiency) of revenues under expenditures</b>	(2,376,476)	(2,376,476)	(2,073,654)	302,822
<b>Other financing sources (uses)</b>				
Appropriations from board of county commissioners	2,376,476	2,376,476	2,123,906	(252,570)
Reversion to board of county commissioners	-	-	(50,252)	(50,252)
Total other financing sources (uses)	2,376,476	2,376,476	2,073,654	(302,822)
<b>Net change in fund balance</b>	-	-	-	-
<b>Fund balance, beginning of year</b>	-	-	-	-
<b>Fund balance, end of year</b>	\$ -	\$ -	\$ -	\$ -

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, 2018**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Intergovernmental	252,570	252,570	\$ 252,570	\$ -
Miscellaneous revenue	-	-	27,370	27,370
Total revenues	<u>252,570</u>	<u>252,570</u>	<u>279,940</u>	<u>27,370</u>
<b>Expenditures</b>				
Public safety	252,570	252,570	252,570	-
<b>Excess (deficiency) of revenues under expenditures</b>	<u>-</u>	<u>-</u>	<u>27,370</u>	<u>27,370</u>
<b>Net change in fund balance</b>	<u>-</u>	<u>-</u>	<u>27,370</u>	<u>27,370</u>
<b>Fund balance, beginning of year</b>	10,784	10,784	10,784	-
<b>Fund balance, end of year</b>	<u>\$ 10,784</u>	<u>\$ 10,784</u>	<u>\$ 38,154</u>	<u>\$ 27,370</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 SCHEDULES OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**(1) Budgetary Information:**

An annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund and the intergovernmental shared special revenue fund. All annual appropriations lapse at fiscal year-end. A formal budget is not adopted for the inmate welfare fund.

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 County Commissioners.
- c) Formal budgetary integration is employed as a management control device during the year. 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)**

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Florida Retirement System (FRS)</b>					
Proportion of the net pension liability	0.006265073%	0.006017217%	0.005610764%	0.005214528%	0.005125844%
Proportionate share of the net pension liability	\$ 1,887,072	\$ 1,779,852	\$ 1,416,722	\$ 673,526	\$ 312,752
Covered payroll	1,144,327	1,041,002	930,259	938,883	932,341
Proportionate share of the net pension liability as a percentage of its covered payroll	164.91%	170.97%	152.29%	71.74%	33.54%
Plan fiduciary net position as a percentage of the total pension liability	84.26%	83.89%	84.88%	92.00%	96.09%
<b>Health Insurance Subsidy Program (HIS)</b>					
Proportion of the net pension liability	0.003502810%	0.003265939%	0.003006167%	0.003094755%	0.003137990%
Proportionate share of the net pension liability	\$ 370,741	\$ 349,209	\$ 350,356	\$ 315,616	\$ 293,410
Covered payroll	1,144,327	1,041,002	930,259	938,883	932,341
Proportionate share of the net pension liability as a percentage of its covered payroll	32.40%	33.55%	37.66%	33.62%	31.47%
Plan fiduciary net position as a percentage of the total pension liability	2.15%	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)**

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Florida Retirement System (FRS)</b>					
Contractually required contribution	\$ 178,549	\$ 173,730	\$ 148,054	\$ 138,363	\$ 129,202
Contributions in relation to the contractually required contribution	(178,549)	(173,730)	(148,054)	(138,363)	(129,202)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,144,327	\$ 1,041,002	\$ 930,259	\$ 938,883	\$ 932,341
Contributions as a percentage of covered payroll	15.60%	16.69%	15.92%	14.74%	13.86%
<b>Health Insurance Subsidy Program (HIS)</b>					
Contractually required contribution	\$ 18,996	\$ 17,281	\$ 15,442	\$ 11,830	\$ 11,188
Contributions in relation to the contractually required contribution	(18,996)	(17,281)	(15,442)	(11,830)	(11,188)
Contribution deficiency(excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,144,327	\$ 1,041,002	\$ 930,259	\$ 938,883	\$ 932,341
Contributions as a percentage of covered payroll	1.66%	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 SHERIFF  
COMBINING SCHEDULE OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2018**

	<u>Fines &amp; Bonds Fund</u>	<u>Individual / Suspense Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and equivalents	<u>\$ 3,725</u>	<u>\$ 1,690</u>	<u>\$ 5,415</u>
<b>LIABILITIES</b>			
Assets held for others	<u>\$ 3,725</u>	<u>\$ 1,690</u>	<u>\$ 5,415</u>

See accompanying notes to financial statements.

## **ADDITIONAL INFORMATION**

**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 (the Office) as of and for the year ended September 30, 2018, 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 March 29, 2019, 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 Office'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 Office'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.

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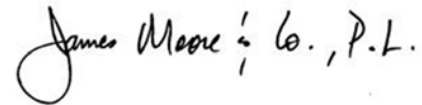


### ***Compliance and Other Matters***

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.

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

Gainesville, Florida  
March 29, 2019

**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:

We have audited the financial statements of the Union County Sheriff (the Office), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated March 29, 2019.

**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 those reports, which are dated March 29, 2019, 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 all findings and recommendations made in the preceding financial audit report.

**Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. 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.

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## **Financial Management**

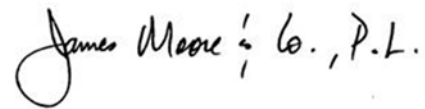
Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

## **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 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  
March 29, 2019

## INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

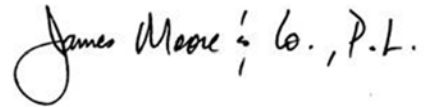
The Honorable Brad Whitehead, Union County Sheriff,  
Union County, Florida:

We have examined the Union County Sheriff's (the Office) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2018. Management is responsible for the Office's compliance with those requirements. Our responsibility is to express an opinion on the Office'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 Office complied with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2018, in all material respects. An examination involves performing procedures to obtain evidence about the Office'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, 2018.

Gainesville, Florida  
March 29, 2019



**UNION COUNTY TAX COLLECTOR**  
**SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**AND INDEPENDENT AUDITORS' REPORT**  
**SEPTEMBER 30, 2018**

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

**SEPTEMBER 30, 2018**

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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 and the aggregate remaining fund information of the Union County Tax Collector (the Office), as of and for the year ended September 30, 2018, 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.

## ***Opinion***

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 Union County Tax Collector as of September 30, 2018, 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, 2018, 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  
March 29, 2019



**UNION COUNTY TAX COLLECTOR  
BALANCE SHEET  
GOVERNMENTAL FUND  
SEPTEMBER 30, 2018**

	<u><b>General Fund</b></u>
<b>Assets</b>	
Cash and equivalents	<u>\$      14,015</u>
<b>Liabilities and Fund Balance</b>	
Liabilities	
Due to Board of County Commissioners	\$      14,015
Fund balance	
Unassigned	-
<b>Total Liabilities and Fund Balance</b>	<u><u>\$      14,015</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, 2018**

	<u><b>General Fund</b></u>
<b>Revenues</b>	
Charges for services	\$ 233,759
Miscellaneous revenue	316
Total revenues	<u>234,075</u>
<b>Expenditures</b>	
General government	337,060
<b>Deficiency of revenues under expenditures</b>	<u>(102,985)</u>
<b>Other financing sources (uses)</b>	
Appropriations from Board of County Commissioners	117,000
Reversion to Board of County Commissioners	<u>(14,015)</u>
<b>Total other financing sources</b>	102,985
<b>Net change in fund balance</b>	<u>-</u>
<b>Fund balance, beginning of year</b>	-
<b>Fund balance, end of year</b>	<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  
AGENCY FUND  
SEPTEMBER 30, 2018**

	<u><b>Agency Fund</b></u>
<b>Assets</b>	
Cash and equivalents	<u>\$    120,880</u>
<b>Liabilities</b>	
Assets held for others	<u>\$    120,880</u>
<b>Net Position</b>	<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, 2018**

**(1) 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 in the Governmental Accounting Standards Board (GASB) Codification. 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.

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 Office considers revenues to be available if they are collected within 90 days of the end of the current fiscal period.

**UNION COUNTY TAX COLLECTOR  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

(1) **Summary of Significant Accounting Policies:** (Continued)

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) **Cash**—The Office's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

(f) **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.

(g) **Accounts payable**—Accounts payable balances in the general fund are primarily payable to third-party vendors for goods provided and services rendered.

(h) **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.

(i) **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. Unassigned fund balance represents funds available for spending at the government's discretion.

The Office 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 Office's general practice when expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available; the Office considers restricted funds to have been spent first. When expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Office considers amounts to have been spent first out of committed funds, then assigned funds, and lastly unassigned funds, as needed.

(j) **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.

(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, 2018.

**UNION COUNTY TAX COLLECTOR  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**(2) 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.

**(3) 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 subject to Federal Depository Insurance Corporation (FDIC) insurance, and/or the State of Florida collateral pool established under the Florida Security for Public Deposits Act (the Act).

**(4) 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.

**(5) Long-term Liabilities:**

A summary of changes in long-term liabilities for the fiscal year ended September 30, 2018, follows:

	<u>Beginning Balance</u>		<u>Additions</u>		<u>Reductions</u>		<u>Ending Balance</u>		<u>Due Within One Year</u>
Compensated absences	\$ 4,642	\$	4,894	\$	(5,972)	\$	3,564	\$	1,174

**UNION COUNTY TAX COLLECTOR  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**(6) Pension Plan:**

**A. Florida Retirement System**

**Plan Description and Administration**

The entity 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 entity 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, 2018, 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.

**Benefits Provided and Employees Covered**

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 four 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.

**UNION COUNTY TAX COLLECTOR**  
**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

(6) **Pension Plan:** (Continued)

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](http://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**

Employers may participate in certain classes of FRS membership. The employee contribution rate for eligible employees are 3.0%. Each class has descriptions and employer contribution rates in effect during the fiscal year ended September 30, 2018, as follows (contribution rates are in agreement with the actuarially determined rates)

<u>FRS Membership Plan &amp; Class</u>	<u>Through June 30, 2018</u>	<u>After June 30, 2018</u>
Regular Class	7.92%	8.26%
Senior Management	22.71%	24.06%
Special Risk	23.27%	24.50%
DROP – Applicable to members above	13.26%	14.03%
Elected Officer Class - County	45.50%	48.70%

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll, included in the above rates.

Actual contributions made for entity employees participating in FRS and HIS for the plan year ended June 30, 2018, were as follows:

Entity Contributions – FRS	\$ 49,876
Entity Contributions – HIS	3,189
Employee Contributions – FRS	5,763



**UNION COUNTY TAX COLLECTOR**  
**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

(6) **Pension Plan:** (Continued)

**Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions**

At September 30, 2018, the entity reported a net pension liability related to FRS and HIS as follows:

<u>Plan</u>	<u>Net Pension Liability</u>
FRS	\$ 527,131
HIS	62,235
Total	<u>\$ 589,366</u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer proportion of the net pension liability was based on a projection of the organization'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, 2018 and June 30, 2017, the organization's proportionate share of the FRS and HIS net pension liabilities were as follows:

<u>Plan</u>	<u>2018</u>	<u>2017</u>
FRS	0.001750072%	0.001727311%
HIS	0.000588007%	0.000579474%

For the plan year ended June 30, 2018, pension expense was recognized related to the FRS and HIS plans as follows:

FRS	\$ 116,374
HIS	3,410
Total	<u>\$ 119,784</u>

*Deferred outflows/inflows related to pensions:*

At September 30, 2018, deferred outflows of resources and deferred inflows of resources related to pensions were recorded from the following sources:

	<u>FRS</u>		<u>HIS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 44,656	\$ (1,621)	\$ 953	\$ (106)
Changes of assumptions	172,241	-	6,921	(6,580)
Net different between projected and actual investment earnings	-	(40,727)	38	-
Change in proportionate share	48,679	(14,165)	851	(3,617)
Contributions subsequent to measurement date	13,420	-	788	-
	<u>\$ 278,996</u>	<u>\$ (56,513)</u>	<u>\$ 9,551</u>	<u>\$ (10,303)</u>

**UNION COUNTY TAX COLLECTOR**  
**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**(6) Pension Plan:** (Continued)

The above amounts for deferred outflows of resources for contributions related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2019. 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:

2019	\$	78,449
2020		46,006
2021		4,923
2022		30,635
2023		20,091
Thereafter		27,419
Total	\$	<u>207,523</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 7.00%. This rate decreased from the prior year rate, which was 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 3.87% was used to determine was used to determine the total pension for the program. This rate increased from the prior year rate, which was 3.58%. 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 2018, 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.

**UNION COUNTY TAX COLLECTOR**  
**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

(6) **Pension Plan:** (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Arithmetic Expected Rate of Return</u>
Cash	1.0%	2.9%
Fixed income	18.0%	4.4%
Global equities	54.0%	7.6%
Real estate	11.0%	6.6%
Private equity	10.0%	10.7%
Strategic investments	6.0%	6.0%
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 entity calculated using the current discount rates, as well as what the entity'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	7.00%	\$ 962,036	\$ 527,131	\$ 165,916
HIS	3.87%	70,882	62,235	55,027

## **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, 2018**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Charges for services	\$ 220,062	\$ 220,062	\$ 233,759	\$ 13,697
Miscellaneous revenue	-	-	316	316
Total revenues	<u>220,062</u>	<u>220,062</u>	<u>234,075</u>	<u>14,013</u>
<b>Expenditures</b>				
General government	337,062	337,062	337,060	2
<b>Excess of revenues under expenditures</b>	<u>(117,000)</u>	<u>(117,000)</u>	<u>(102,985)</u>	<u>14,015</u>
<b>Other financing sources (uses)</b>				
Appropriations from Board of County Commissioners	117,000	117,000	117,000	-
Reversion to Board of County Commissioners	<u>-</u>	<u>-</u>	<u>(14,015)</u>	<u>(14,015)</u>
Total other financing sources	<u>117,000</u>	<u>117,000</u>	<u>102,985</u>	<u>(14,015)</u>
<b>Net change in fund balance</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance, beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance, end of year</b>	<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 TAX COLLECTOR**  
**NOTE TO SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**(1) Budgetary Information:**

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**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Florida Retirement System (FRS)</b>					
Proportion of the net pension liability (asset)	0.001750072%	0.001727311%	0.001817673%	0.001878304%	0.001565835%
Proportionate share of the net pension liability (asset)	\$ 527,131	\$ 510,927	\$ 458,964	\$ 242,608	\$ 95,539
Covered payroll	192,095	184,705	181,474	177,753	180,424
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	274.41%	276.62%	252.91%	136.49%	52.95%
Plan fiduciary net position as a percentage of the total pension liability	84.26%	83.89%	92.00%	92.00%	96.09%
<b>Health Insurance Subsidy Program (HIS)</b>					
Proportion of the net pension liability (asset)	0.000588007%	0.000579474%	0.000587864%	0.000585909%	0.000607239%
Proportionate share of the net pension liability (asset)	\$ 62,235	\$ 61,960	\$ 68,513	\$ 59,754	\$ 56,778
Covered payroll	192,095	184,705	181,474	177,753	180,424
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	32.40%	33.55%	37.75%	33.62%	31.47%
Plan fiduciary net position as a percentage of the total pension liability	2.15%	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**

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Florida Retirement System (FRS)</b>					
Contractually required contribution	\$ 49,875	\$ 45,054	\$ 44,393	\$ 45,865	\$ 35,553
Contributions in relation to the contractually required contribution	<u>(49,875)</u>	<u>(45,054)</u>	<u>(44,393)</u>	<u>(45,865)</u>	<u>(35,553)</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered payroll	\$ 192,095	\$ 184,705	\$ 181,474	\$ 177,753	\$ 180,424
Contributions as a percentage of covered payroll	25.96%	24.39%	24.46%	25.80%	19.71%
<b>Health Insurance Subsidy Program (HIS)</b>					
Contractually required contribution	\$ 3,189	\$ 3,066	\$ 3,012	\$ 2,240	\$ 2,165
Contributions in relation to the contractually required contribution	<u>(3,189)</u>	<u>(3,066)</u>	<u>(3,012)</u>	<u>(2,240)</u>	<u>(2,165)</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered payroll	\$ 192,095	\$ 184,705	\$ 181,474	\$ 177,753	\$ 180,424
Contributions as a percentage of covered payroll	1.66%	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' 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 financial statements of the general fund of the Union County Tax Collector (the Office) as of and for the year ended September 30, 2018, 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 March 29, 2019, 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 Office'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 Office'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.

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121 Executive Circle  
Daytona Beach, FL 32114-1180  
Telephone: 386-257-4100

133 East Indiana Avenue  
DeLand, FL 32724-4329  
Telephone: 386-738-3300

5931 NW 1st Place  
Gainesville, FL 32607-2063  
Telephone: 352-378-1331

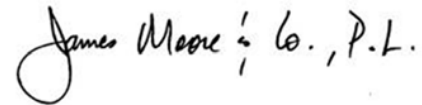
2477 Tim Gamble Place, Suite 200  
Tallahassee, FL 32308-4386  
Telephone: 850-386-6184

### ***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  
March 29, 2019

**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 financial statements of the Union County Tax Collector (the Office), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated March 29, 2019.

**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 those reports, which are dated March 29, 2019, 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 all findings and recommendations made in the preceding financial audit report.

**Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. 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.

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121 Executive Circle  
Daytona Beach, FL 32114-1180  
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Gainesville, FL 32607-2063  
Telephone: 352-378-1331

2477 Tim Gamble Place, Suite 200  
Tallahassee, FL 32308-4386  
Telephone: 850-386-6184

## **Financial Management**

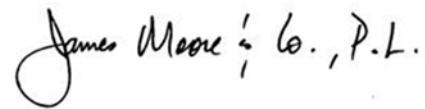
Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

## **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 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 & Co., P.L." The signature is written in a cursive, flowing style.

Gainesville, Florida  
March 29, 2019

## INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

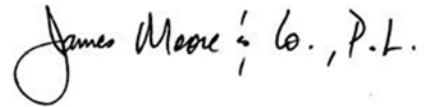
The Honorable Lisa B. Johnson, Union County Tax Collector,  
Union County, Florida:

We have examined the Union County Tax Collector's (the Office) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2018. Management is responsible for the Office's compliance with those requirements. Our responsibility is to express an opinion on the Office'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 Office complied with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2018, in all material respects. An examination involves performing procedures to obtain evidence about the Office'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, 2018.

Gainesville, Florida  
March 29, 2019



**UNION COUNTY PROPERTY APPRAISER**  
**SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**AND INDEPENDENT AUDITORS' REPORT**  
**SEPTEMBER 30, 2018**

**UNION COUNTY PROPERTY APPRAISER**  
**SPECIAL PURPOSE FINANCIAL STATEMENTS**  
**AND INDEPENDENT AUDITORS' REPORT**

**SEPTEMBER 30, 2018**

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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 (the Office), as of and for the year ended September 30, 2018, 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 an opinion 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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DeLand, FL 32724-4329  
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Gainesville, FL 32607-2063  
Telephone: 352-378-1331

2477 Tim Gamble Place, Suite 200  
Tallahassee, FL 32308-4386  
Telephone: 850-386-6184

## ***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, 2018, 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, 2018, 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.

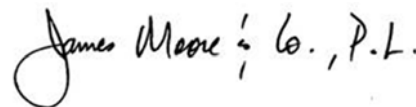
## ***Other Matters***

### ***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  
March 29, 2019

**UNION COUNTY PROPERTY APPRAISER  
BALANCE SHEET  
GOVERNMENTAL FUND  
SEPTEMBER 30, 2018**

	<u>General Fund</u>
<b>ASSETS</b>	
Cash and equivalents	\$     35,116
<b>Total Assets</b>	<u>\$     35,116</u>
 <b>LIABILITIES AND FUND BALANCE</b>	
Liabilities:	
Accounts payable and accrued expenditures	\$     30,272
Due to other governments	<u>      4,844</u>
<b>Total Liabilities</b>	35,116
 Fund Balance:	
Unassigned	-
 <b>Total Liabilities and Fund Balance</b>	<u><u>\$     35,116</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, 2018**

	<b>General Fund</b>
<b>Revenues</b>	
Charges for services	\$ 400
Intergovernmental revenue	7,686
Miscellaneous revenue	178
Total revenues	<u>8,264</u>
<b>Expenditures</b>	
General government	403,128
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(394,864)</u>
<b>Other financing sources (uses)</b>	
Appropriations from board of county commissioners	399,615
Reversion to board of county commissioners	(4,751)
<b>Total other financing sources (uses)</b>	<u>394,864</u>
<b>Net change in fund balance</b>	-
<b>Fund balance, beginning of year</b>	-
<b>Fund balance, end of year</b>	<u><u>\$ -</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, 2018**

**(1) 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 in the Governmental Accounting Standards Board (GASB) Codification. 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.

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 Office 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.

**UNION COUNTY PROPERTY APPRAISER  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

(1) **Summary of Significant Accounting Policies:** (Continued)

(e) **Cash**—The Office's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

(f) **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.

(g) **Accounts payable**—Accounts payable balances in the general fund are primarily payable to third-party vendors for goods provided and services rendered.

(h) **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.

(i) **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. Unassigned fund balance represents funds available for spending at the government's discretion.

The Office 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 Office's general practice when expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available; the Office considers restricted funds to have been spent first. When expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Office considers amounts to have been spent first out of committed funds, then assigned funds, and lastly unassigned funds, as needed.

(j) **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.

(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, 2018.

**UNION COUNTY PROPERTY APPRAISER  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**(2) 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

**(3) 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 subject to Federal Depository Insurance Corporation (FDIC) insurance, and/or the State of Florida collateral pool established under the Florida Security for Public Deposits Act (the Act).

**(4) 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.

**(5) Long-term Liabilities:**

A summary of changes in long-term liabilities for the fiscal year ended September 30, 2018, follows:

	<u>Beginning Balance</u>		<u>Additions</u>	<u>Reductions</u>		<u>Ending Balance</u>		<u>Due Within One Year</u>
Compensated absences	\$ 860	\$	6,168	\$ (4,723)	\$	2,305	\$	3,178

**UNION COUNTY PROPERTY APPRAISER  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**(6) Pension Plan:**

**A. Florida Retirement System**

**Plan Description and Administration**

The entity 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 entity 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, 2018, 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.

**Benefits Provided and Employees Covered**

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 four 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.



**UNION COUNTY PROPERTY APPRAISER  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**(6) Pension Plan:** (Continued)

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](http://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**

Employers may participate in certain classes of FRS membership. The employee contribution rate for eligible employees are 3.0%. Each class has descriptions and employer contribution rates in effect during the fiscal year ended September 30, 2018, as follows (contribution rates are in agreement with the actuarially determined rates)

<u>FRS Membership Plan &amp; Class</u>	<u>Through June 30, 2018</u>	<u>After June 30, 2018</u>
Regular Class	7.92%	8.26%
Senior Management	22.71%	24.06%
Special Risk	23.27%	24.50%
DROP – Applicable to members above	13.26%	14.03%
Elected Officer Class - County	45.50%	48.70%

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll, included in the above rates.

Actual contributions made for entity employees participating in FRS and HIS for the plan year ended June 30, 2018, were as follows:

Entity Contributions – FRS	\$ 41,957
Entity Contributions – HIS	3,326
Employee Contributions – FRS	6,011

**UNION COUNTY PROPERTY APPRAISER  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**(6) Pension Plan:** (Continued)

**Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions**

At September 30, 2018, the entity reported a net pension liability related to FRS and HIS as follows:

<b>Plan</b>	<b>Net Pension Liability</b>
FRS	\$ 443,440
HIS	64,913
Total	<u>\$ 508,353</u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer proportion of the net pension liability was based on a projection of the organization'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, 2018 and June 30, 2017, the organization's proportionate share of the FRS and HIS net pension liabilities were as follows:

<b>Plan</b>	<b>2018</b>	<b>2017</b>
FRS	0.001472218%	0.001426423%
HIS	0.000613304%	0.000625715%

For the plan year ended June 30, 2018, pension expense was recognized related to the FRS and HIS plans as follows:

FRS	\$ 104,895
HIS	2,856
Total	<u>\$ 107,751</u>

*Deferred outflows/inflows related to pensions:*

At September 30, 2018, deferred outflows of resources and deferred inflows of resources related to pensions were recorded from the following sources:

	<b>FRS</b>		<b>HIS</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 37,566	\$ (1,363)	\$ 994	\$ (110)
Changes of assumptions	144,895	-	7,219	(6,863)
Net different between projected and actual investment earnings	-	(34,261)	39	-
Change in proportionate share	57,986	(20,370)	-	(8,446)
Contributions subsequent to measurement date	11,115	-	903	-
	<u>\$ 251,562</u>	<u>\$(55,994)</u>	<u>\$ 9,155</u>	<u>\$ (15,419)</u>

**UNION COUNTY PROPERTY APPRAISER  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**(6) Pension Plan:** (Continued)

The above amounts for deferred outflows of resources for contributions related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2019. 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:

2019	\$ 67,527
2020	36,375
2021	2,108
2022	25,583
2023	16,653
Thereafter	<u>29,040</u>
Total	<u>\$ 177,286</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 7.00%. This rate decreased from the prior year rate, which was 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 3.87% was used to determine was used to determine the total pension for the program. This rate increased from the prior year rate, which was 3.58%. 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 2018, 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.

**UNION COUNTY PROPERTY APPRAISER  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

(6) **Pension Plan:** (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Arithmetic Expected Rate of Return</u>
Cash	1.0%	2.9%
Fixed income	18.0%	4.4%
Global equities	54.0%	7.6%
Real estate	11.0%	6.6%
Private equity	10.0%	10.7%
Strategic investments	6.0%	6.0%
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 entity calculated using the current discount rates, as well as what the entity'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	7.00%	\$ 809,296	\$ 443,440	\$ 139,574
HIS	3.87%	73,932	64,913	57,395

## **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, 2018**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Charges for services	\$ -	\$ -	\$ 400	\$ 400
Intergovernmental revenue	-	-	7,686	7,686
Miscellaneous revenue	-	-	178	178
Total Revenues	-	-	8,264	8,264
<b>Expenditures</b>				
General government	396,907	412,256	403,128	9,128
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(396,907)</u>	<u>(412,256)</u>	<u>(394,864)</u>	<u>17,392</u>
<b>Other financing sources (uses)</b>				
Appropriations from Board of County Commissioners	396,907	412,256	399,615	(12,641)
Reversion to Board of County Commissioners	-	-	(4,751)	(4,751)
Total other financing sources (uses)	396,907	412,256	394,864	(17,392)
<b>Net change in fund balance</b>	-	-	-	-
<b>Fund balance, beginning of year</b>	-	-	-	-
<b>Fund balance, end of year</b>	<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 PROPERTY APPRAISER  
NOTE TO SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**(1) Budgetary Information:**

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)**

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Florida Retirement System (FRS)</b>					
Proportion of the net pension liability	0.001472218%	0.001426423%	0.001525572%	0.001656617%	0.001317961%
Proportionate share of the net pension liability	\$ 443,440	\$ 421,926	\$ 385,208	\$ 213,974	\$ 80,415
Covered payroll	200,360	199,944	200,611	222,816	223,149
Proportionate share of the net pension liability as a percentage of its covered payroll	221.32%	211.02%	192.02%	96.03%	36.04%
Plan fiduciary net position as a percentage of the total pension liability	84.26%	83.89%	84.88%	92.00%	96.09%
<b>Health Insurance Subsidy Program (HIS)</b>					
Proportion of the net pension liability	0.000613304%	0.000625715%	0.000649830%	0.000734449%	0.000751053%
Proportionate share of the net pension liability	\$ 64,913	\$ 66,904	\$ 75,735	\$ 74,902	\$ 70,225
Covered payroll	200,360	199,944	200,611	222,816	223,149
Proportionate share of the net pension liability as a percentage of its covered payroll	32.40%	33.46%	37.75%	33.62%	31.47%
Plan fiduciary net position as a percentage of the total pension liability	2.15%	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)**

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Florida Retirement System (FRS)</b>					
Contractually required contribution	\$ 45,426	\$ 45,731	\$ 45,422	\$ 48,618	\$ 37,992
Contributions in relation to the contractually required contribution	<u>(45,426)</u>	<u>(45,731)</u>	<u>(45,422)</u>	<u>(48,618)</u>	<u>(37,992)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered payroll	 \$ 200,360	 \$ 199,944	 \$ 200,611	 \$ 222,816	 \$ 223,149
Contributions as a percentage of covered payroll	22.67%	22.87%	22.64%	21.82%	17.03%
 <b>Health Insurance Subsidy Program (HIS)</b>					
Contractually required contribution	\$ 3,326	\$ 2,838	\$ 3,330	\$ 2,807	\$ 2,678
Contributions in relation to the contractually required contribution	<u>(3,326)</u>	<u>(2,838)</u>	<u>(3,330)</u>	<u>(2,807)</u>	<u>(2,678)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered payroll	 \$ 200,360	 \$ 199,944	 \$ 200,611	 \$ 222,816	 \$ 223,149
Contributions as a percentage of covered payroll	1.66%	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' 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 (the Office) as of and for the year ended September 30, 2018, 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 March 29, 2019, 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 Office'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 Office'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.

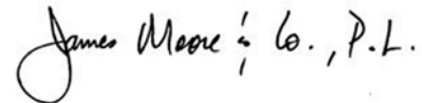
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given 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  
March 29, 2019

**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 (the Office), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated March 29, 2019.

**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 those reports, which are dated March 29, 2019, 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 all findings and recommendations made in the preceding financial audit report.

**Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. 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**

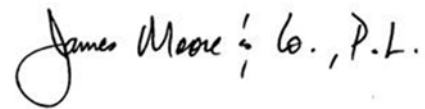
Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

## **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.

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

Gainesville, Florida  
March 29, 2019

## INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

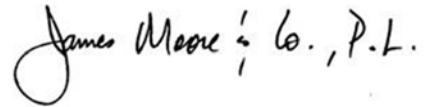
The Honorable Bruce D. Dukes, Union County Property Appraiser,  
Union County, Florida:

We have examined the Union County Property Appraiser's (the Office) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2018. Management is responsible for the Office's compliance with those requirements. Our responsibility is to express an opinion on the Office'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 Office complied with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2018, in all material respects. An examination involves performing procedures to obtain evidence about the Office'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, 2018.

Gainesville, Florida  
March 29, 2019







**UNION COUNTY SUPERVISOR OF ELECTIONS**

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

**SEPTEMBER 30, 2018**

**UNION COUNTY SUPERVISOR OF ELECTIONS**

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

**SEPTEMBER 30, 2018**

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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, 2018, 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 an opinion 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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Gainesville, FL 32607-2063  
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2477 Tim Gamble Place, Suite 200  
Tallahassee, FL 32308-4386  
Telephone: 850-386-6184

## ***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, 2018, 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, 2018, 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.

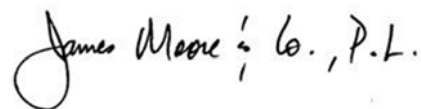
## ***Other Matters***

### ***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  
March 29, 2019

**UNION COUNTY SUPERVISOR OF ELECTIONS  
BALANCE SHEET  
GOVERNMENTAL FUND  
SEPTEMBER 30, 2018**

	<u>General Fund</u>
<b>ASSETS</b>	
Cash and equivalents	<u>\$      26,150</u>
 <b>LIABILITIES AND FUND BALANCE</b>	
Liabilities:	
Due to Board of County Commissioners	\$      1,839
Deferred revenues	<u>24,311</u>
<b>Total Liabilities</b>	<u>26,150</u>
 Fund Balance:	
Unassigned	-
 <b>Total Liabilities and Fund Balance</b>	<u><u>\$      26,150</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, 2018**

	<u>General Fund</u>
<b>Revenues</b>	
Charges for services	<u>\$ 298</u>
<b>Expenditures</b>	
General government	428,834
Debt service	<u>12,820</u>
<b>Total Expenditures</b>	<u>441,654</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(441,356)</u>
<b>Other financing sources (uses)</b>	
Appropriations from Board of County Commissioners	443,195
Reversion to Board of County Commissioners	<u>(1,839)</u>
<b>Total other financing sources</b>	<u>441,356</u>
<b>Net change in fund balance</b>	<u>-</u>
<b>Fund balance, beginning of year</b>	-
<b>Fund balance, end of year</b>	<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, 2018**

**(1) 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 in the Governmental Accounting Standards Board (GASB) Codification. 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.

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 Office 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.

**UNION COUNTY SUPERVISOR OF ELECTIONS  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

(1) **Summary of Significant Accounting Policies:** (Continued)

(e) **Cash**—The Office's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

(f) **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.

(g) **Accounts payable**—Accounts payable balances in the general fund are primarily payable to third-party vendors for goods provided and services rendered.

(h) **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.

(i) **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.

The Office 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 Office's general practice when expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available; the Office considers restricted funds to have been spent first. When expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Office considers amounts to have been spent first out of committed funds, then assigned funds, and lastly unassigned funds, as needed.

(j) **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.

(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, 2018.



**UNION COUNTY SUPERVISOR OF ELECTIONS  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**(2) 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

**(3) 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 subject to Federal Depository Insurance Corporation (FDIC) insurance, and/or the State of Florida collateral pool established under the Florida Security for Public Deposits Act (the Act).

**(4) 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.

**(5) Long-term Liabilities:**

A summary of changes in long-term liabilities for the fiscal year ended September 30, 2018, follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated absences	\$ 5,945	\$ 7,868	\$ (3,784)	\$ 10,029	\$ 1,678
Notes payable	25,641	-	(12,820)	12,831	12,821

**UNION COUNTY SUPERVISOR OF ELECTIONS  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**(6) Pension Plan:**

**A. Florida Retirement System**

**Plan Description and Administration**

The entity 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 entity 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, 2018, 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.

**Benefits Provided and Employees Covered**

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 four 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.

**UNION COUNTY SUPERVISOR OF ELECTIONS  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**(6) Pension Plan:** (Continued)

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](http://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**

Employers may participate in certain classes of FRS membership. The employee contribution rate for eligible employees are 3.0%. Each class has descriptions and employer contribution rates in effect during the fiscal year ended September 30, 2018, as follows (contribution rates are in agreement with the actuarially determined rates)

<u>FRS Membership Plan &amp; Class</u>	<u>Through June 30, 2018</u>	<u>After June 30, 2018</u>
Regular Class	7.92%	8.26%
Senior Management	22.71%	24.06%
Special Risk	23.27%	24.50%
DROP – Applicable to members above	13.26%	14.03%
Elected Officer Class - County	45.50%	48.70%

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll, included in the above rates.

Actual contributions made for entity employees participating in FRS and HIS for the plan year ended June 30, 2018, were as follows:

Entity Contributions – FRS	\$ 46,945
Entity Contributions – HIS	2,880
Employee Contributions – FRS	5,205

**UNION COUNTY SUPERVISOR OF ELECTIONS  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

(6) **Pension Plan:** (Continued)

**Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions**

At September 30, 2018, the entity reported a net pension liability related to FRS and HIS as follows:

<b>Plan</b>	<b>Net Pension Liability</b>
FRS	\$ 496,157
HIS	56,214
Total	<u>\$ 552,371</u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer proportion of the net pension liability was based on a projection of the organization'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, 2018 and June 30, 2017, the organization's proportionate share of the FRS and HIS net pension liabilities were as follows:

<b>Plan</b>	<b>2018</b>	<b>2017</b>
FRS	0.001647240%	0.001569655%
HIS	0.000531120%	0.000508518%

For the plan year ended June 30, 2018, pension expense was recognized related to the FRS and HIS plans as follows:

FRS	\$ 122,280
HIS	4,802
Total	<u>\$ 127,082</u>

*Deferred outflows/inflows related to pensions:*

At September 30, 2018, deferred outflows of resources and deferred inflows of resources related to pensions were recorded from the following sources:

	<b>FRS</b>		<b>HIS</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 42,032	\$ (1,526)	\$ 861	\$ (96)
Changes of assumptions	162,120	-	6,252	(5,943)
Net different between projected and actual investment earnings	-	(38,334)	34	-
Change in proportionate share	83,181	(5,734)	5,261	(1,333)
Contributions subsequent to measurement date	12,936	-	741	-
	<u>\$ 300,269</u>	<u>\$(45,594)</u>	<u>\$ 13,149</u>	<u>\$ (7,372)</u>

**UNION COUNTY SUPERVISOR OF ELECTIONS  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**(6) Pension Plan:** (Continued)

The above amounts for deferred outflows of resources for contributions related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2019. 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:

2019	\$	88,719
2020		52,861
2021		11,771
2022		33,162
2023		19,927
Thereafter		<u>40,335</u>
Total	\$	<u>246,775</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 7.00%. This rate decreased from the prior year rate, which was 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 3.87% was used to determine was used to determine the total pension for the program. This rate increased from the prior year rate, which was 3.58%. 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 2018, 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.

**UNION COUNTY SUPERVISOR OF ELECTIONS  
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

(6) **Pension Plan:** (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Arithmetic Expected Rate of Return</u>
Cash	1.0%	2.9%
Fixed income	18.0%	4.4%
Global equities	54.0%	7.6%
Real estate	11.0%	6.6%
Private equity	10.0%	10.7%
Strategic investments	6.0%	6.0%
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 entity calculated using the current discount rates, as well as what the entity'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	7.00%	\$ 905,508	\$ 496,157	\$ 156,167
HIS	3.87%	64,025	56,214	49,704

## **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, 2018**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues</b>				
Intergovernmental - grants	\$ -	\$ -	\$ 298	\$ 298
<b>Expenditures</b>				
General government	378,541	453,028	428,834	24,194
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(378,541)</u>	<u>(453,028)</u>	<u>(428,536)</u>	<u>24,492</u>
<b>Other financing sources (uses)</b>				
Appropriations from Board of County Commissioners	378,541	453,028	443,195	(9,833)
Reversion to Board of County Commissioners	-	-	(1,839)	(1,839)
Total other financing sources (uses)	<u>378,541</u>	<u>453,028</u>	<u>441,356</u>	<u>(11,672)</u>
<b>Net change in fund balance</b>	<u>-</u>	<u>-</u>	<u>12,820</u>	<u>12,820</u>
<b>Fund balance, beginning of year</b>	-	-	-	-
<b>Fund balance, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,820</u>	<u>\$ 12,820</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 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, 2018**

**(1) Budgetary Information:**

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.

**UNION COUNTY SUPERVISOR OF ELECTIONS  
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
LAST 10 FISCAL YEAR AS OF SEPTEMBER 30  
(UNAUDITED)**

	2018	2017	2016	2015	2014
<b>Florida Retirement System (FRS)</b>					
Proportion of the net pension liability	0.001647240%	0.001569655%	0.001444283%	0.001520903%	0.000940649%
Proportionate share of the net pension liability	\$ 496,157	\$ 464,293	\$ 364,683	\$ 196,445	\$ 57,393
Covered payroll	173,511	170,990	151,678	149,367	150,082
Proportionate share of the net pension liability as a percentage of its covered payroll	285.95%	271.53%	240.43%	131.52%	38.24%
Plan fiduciary net position as a percentage of the total pension liability	84.26%	83.89%	84.88%	92.00%	96.09%
<b>Health Insurance Subsidy Program (HIS)</b>					
Proportion of the net pension liability	0.000531120%	0.000508518%	0.000475118%	0.000488984%	0.000466169%
Proportionate share of the net pension liability	\$ 56,214	\$ 54,373	\$ 55,373	\$ 49,869	\$ 43,588
Covered payroll	173,511	170,990	151,678	149,367	150,082
Proportionate share of the net pension liability as a percentage of its covered payroll	32.40%	31.80%	36.51%	33.39%	29.04%
Plan fiduciary net position as a percentage of the total pension liability	2.15%	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)**

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Florida Retirement System (FRS)</b>					
Contractually required contribution	\$ 46,945	\$ 51,148	\$ 42,805	\$ 43,356	\$ 31,154
Contributions in relation to the contractually required contribution	(46,945)	(51,148)	(42,805)	(43,356)	(31,154)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 173,511	\$ 170,990	\$ 151,678	\$ 149,367	\$ 150,082
Contributions as a percentage of covered-employee payroll	27.06%	29.91%	28.22%	29.03%	20.76%
<b>Health Insurance Subsidy Program (HIS)</b>					
Contractually required contribution	\$ 2,880	\$ 2,838	\$ 2,518	\$ 1,882	\$ 1,801
Contributions in relation to the contractually required contribution	(2,880)	(2,838)	(2,518)	(1,882)	(1,801)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 173,511	\$ 170,990	\$ 151,678	\$ 149,367	\$ 150,082
Contributions as a percentage of covered payroll	1.66%	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' 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 (the Office) as of and for the year ended September 30, 2018, 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 March 29, 2019, 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 Office'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 Office's 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.

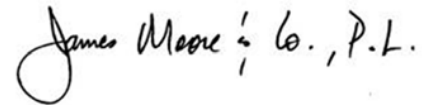
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given 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  
March 29, 2019

**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 (the Office), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated March 29, 2019.

**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 those reports, which are dated March 29, 2019, 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 all findings and recommendations made in the preceding financial audit report.

**Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. 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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Gainesville, FL 32607-2063  
Telephone: 352-378-1331

2477 Tim Gamble Place, Suite 200  
Tallahassee, FL 32308-4386  
Telephone: 850-386-6184

## **Financial Management**

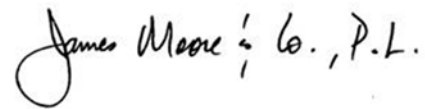
Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

## **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 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 Supervisor of Elections, 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  
March 29, 2019



## 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' (the Office) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2018. Management is responsible for the Office's compliance with those requirements. Our responsibility is to express an opinion on the Office'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 Office complied with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2018, in all material respects. An examination involves performing procedures to obtain evidence about the Office'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 Supervisor of Elections complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

Gainesville, Florida  
March 29, 2019

