

**Financial Statements
and
Independent Auditors' Report**

Union County, Florida

September 30, 2012

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and
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Independent Auditors' Report

Board of County Commissioners
Union County, Florida

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, 2012, which collectively comprise the County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements, based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as, evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, except for the effects of not recording an OPEB liability in the government-wide financial statements, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the County as of September 30, 2012, and the respective changes in financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2013, 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* and should be considered in assessing the results of our audit.

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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information (RSI) 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. The supplemental information is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Florida Statutes, and is also not a required part of the financial statements. The supplemental information and the schedule of expenditures of federal awards and 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated in all material respects in relation to the financial statements as a whole.

DDF CPA Group

June 14, 2013

Union County, Florida
Management's Discussion and Analysis (Unaudited)
September 30, 2012

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, 2012 by \$15,737,160 (net assets). Of this amount \$613,668 (unrestricted net assets) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's long-term debt obligations decreased by \$324,785.
- As of September 30, 2012, the County's governmental funds reported combined ending fund balances of \$3,151,301. All funds were able to report positive ending fund balances; however fund balances saw a decrease of \$148,456 when compared to prior year. This decrease was anticipated due to budgeted use of reserves.
- The County purchased capital assets of buildings, equipment, vehicles and library materials in the amount of \$1,328,957.

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.

**Union County, Florida
Management's Discussion and Analysis (Unaudited)
September 30, 2012**

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 Assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. The focus of the statement of net assets (the "unrestricted net assets") 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 assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net assets 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.

Union County, Florida
Management's Discussion and Analysis (Unaudited)
September 30, 2012

Governmental Funds (continued)

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.

The County adopts an annual appropriated budget for all of its governmental funds, as required by state law. The County has five 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)
September 30, 2012

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets

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

	Governmental Activities	
	2012	2011
Assets:		
Current and Other Assets	\$ 3,891,188	\$ 4,223,682
Capital Assets	<u>14,151,267</u>	<u>14,182,214</u>
Total Assets	18,042,455	18,405,896
Liabilities:		
Long-Term Liabilities Outstanding	1,629,819	1,954,604
Other Liabilities	<u>675,476</u>	<u>831,225</u>
Total Liabilities	<u>2,305,295</u>	<u>2,785,829</u>
Net Assets:		
Invested in Capital Assets, Net of Debt	13,240,217	13,154,124
Restricted	1,883,275	1,700,299
Unrestricted	<u>613,668</u>	<u>765,644</u>
Total Net Assets	<u>\$ 15,737,160</u>	<u>\$ 15,620,067</u>

Approximately 84% percent of the County's net assets reflect 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 balance, \$613,668 is unrestricted net assets that may be used to meet the County's ongoing obligations to citizens and creditors and \$1,883,275 is restricted net assets that are constrained by grant agreements, Florida Statutes or enabling legislation.

At September 30, 2012, the County is able to report positive balances in all three categories of net assets.

Union County, Florida
Management's Discussion and Analysis (Unaudited)
September 30, 2012

GOVERNMENT-WIDE FINANCIAL ANALYSIS (concluded)

Statement of Activities

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

	Governmental Activities	
	2012	2011
Revenues:		
Program Revenues:		
Charges for Services	\$ 1,716,154	\$ 1,348,763
Operating Grants and Contributions	994,424	1,224,022
Capital Grants and Contributions	494,220	847,675
General Revenues:		
Property Taxes	2,202,427	2,275,749
Other Taxes	1,312,098	2,984,697
Other Revenues	<u>4,014,215</u>	<u>2,009,443</u>
Total Revenues	10,733,538	10,690,349
Expenses:		
General Government	2,026,348	2,047,251
Public Safety	4,101,478	4,217,814
Physical Environment	832,595	1,009,189
Economic Environment	383,988	376,180
Transportation	1,827,603	1,549,219
Human Services	243,642	441,857
Culture and Recreation	274,029	248,255
Court Related	883,317	825,935
Interest on Long-Term Debt	<u>43,445</u>	<u>51,061</u>
Total Expenses	<u>10,616,445</u>	<u>10,766,761</u>
Changes in Net Assets	117,093	(76,412)
Net Assets - October 1	<u>15,620,067</u>	<u>15,696,479</u>
Net Assets - September 30	<u>\$ 15,737,160</u>	<u>\$ 15,620,067</u>

**Union County, Florida
Management's Discussion and Analysis (Unaudited)
September 30, 2012**

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, 2012, the County's governmental funds reported combined ending fund balances of \$3,151,301, a decrease of \$148,456 in comparison with the prior year. Of the ending fund balance, \$869,074 is considered unassigned and can be spent at the discretion of the Board, \$13,263 is considered nonspendable to account for ending inventory, \$92,555 is assigned for public safety related activities and \$2,176,409 is considered restricted, which represents the ending fund balances of the County's special revenue funds and unspent clerk appropriations from the Justice Administration Commission and IV-D grant reimbursements.

The General Fund is the chief operating fund of the County. At September 30, 2012, the unassigned fund balance of the General Fund was \$869,074. 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 15% of total General Fund expenditures. As of September 30, 2012, the fund balance of the General Fund decreased by \$288,841 when compared to the prior fiscal year ending fund balance. This decrease is due to the General Fund's earnings not being sufficient to cover transfers out.

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 current fiscal year the fund balance of the Local Housing Assistance Fund increased by \$134. This fund has a positive ending fund balance of \$240.

The Emergency Medical Services (EMS) Fund is used to account for revenues and expenditures related to ambulance services for county residents. During the current fiscal year the Emergency Medical Service's fund balance increased by \$239,069. The increase can be attributed to a transfer from the general fund. The ending fund balance of the EMS Fund was \$378,543.

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 \$50,219. This increase is attributed to no expenditures being made during the fiscal year. The Special Law Enforcement Fund had an ending fund balance of \$962,184.

The Transportation Trust Fund is used to account for all revenues and expenditures for the County's transportation system. This fund is also responsible for the purchasing and tracking of inter county fuel. During the fiscal year, the fund balance of the Transportation Trust Fund decreased \$19,142 primarily due to decreased transfers received from the Five-Cent Gas Tax Fund. The fund balance in the Transportation Trust Fund was \$108,633 at year end.

Union County, Florida
Management's Discussion and Analysis (Unaudited)
September 30, 2012

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.

Significant variations between the final budget and actual amounts related to a budget amendment done to record unanticipated grant revenue and related expenditures in the amount of \$500,000; however only \$120,329 of actual grant expenditures occurred during the year.

Capital Assets

The County's investment in capital assets for its governmental type activities as of September 30, 2012 amounted to \$14,151,267 (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:

- The County entered into a capital lease for a Caterpillar 12M2 Motor Grader with a value of \$205,819.
- The County completed resurfacing NE/SE 8th Avenue. Current year costs were \$121,046.
- The Solid Waste department purchased a 2012 Mack Roll-off truck in the amount of \$106,472.
- A new ambulance was purchased by Emergency Medical Services for a total cost of \$149,960.

The following is a summary of the County's Capital Assets (net of depreciation):

	Governmental Activities	
	2012	2011
Land	\$ 1,069,356	\$ 984,429
Buildings and Improvements	3,869,826	3,988,283
Infrastructure - Roads	6,566,998	6,826,532
Vehicles	944,135	697,373
Library Materials	67,650	72,547
Machinery and Equipment	1,247,045	1,219,826
Assets Under Capital Lease	321,805	366,984
Construction in Progress	64,452	26,240
Total	\$ 14,151,267	\$ 14,182,214

Additional information on the County's capital assets can be found in the Notes to the Financial Statements in this report.

Union County, Florida
Management's Discussion and Analysis (Unaudited)
September 30, 2012

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS (concluded)

Long-Term Debt

At the end of the current fiscal year, the County had total debt outstanding of \$1,629,819 which consists of \$672,700 in notes payable used by the various governmental funds, \$341,774 in landfill long-term closure costs, \$376,995 in accrued compensated absences for the County and \$238,350 in capital lease obligations.

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

	Governmental Activities	
	2012	2011
Compensated Absences	\$ 376,995	\$ 342,664
Landfill Long-Term Costs	341,774	583,850
Capital Lease Obligations	238,350	254,048
Notes Payable	<u>672,700</u>	<u>774,042</u>
Total	\$ <u>1,629,819</u>	\$ <u>1,954,604</u>

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

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.

**Government-Wide
Financial Statements**

Statement of Net Assets
September 30, 2012
Union County, Florida

Assets

Cash and Equivalents	\$ 2,065,103
Investments	723,628
Accounts Receivables, Net	515,253
Due from Other Governments	509,441
Due from Employees	44
Due from Retirees	45
Inventory	13,263
Prepaid Expenses	64,411
Capital Assets:	
Non-Depreciable	1,133,808
Depreciable, Net	<u>13,017,459</u>

Total Assets	<u><u>18,042,455</u></u>
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Liabilities

Accounts Payable and Accrued Liabilities	573,282
Due to Other Governments	2,714
Deferred Revenue	99,480
Noncurrent Liabilities:	
Due Within One Year	457,357
Due in More Than One Year	<u>1,172,462</u>

Total Liabilities	<u><u>2,305,295</u></u>
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Net Assets

Invested in Capital Assets, Net of Related Debt	13,240,217
Restricted for:	
Public Safety	1,445,238
Physical Environment	56,524
Economic Environment	240
Transportation	95,566
Culture and Recreation	81,654
Court Related	204,053
Unrestricted	<u>613,668</u>

Total Net Assets	<u><u>\$ 15,737,160</u></u>
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The notes to financial statements are integral to this statement

**Statement of Activities
For the Year Ended September 30, 2012
Union County, Florida**

Functions/Programs	Expenses	Program Revenues			Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) and Changes in Net Assets
Governmental Activities:					
General Government	\$ 2,026,348	\$ 370,061	\$ 3,366	\$ -	\$ (1,652,921)
Public Safety	4,101,478	1,061,894	466,418	120,856	(2,452,310)
Physical Environment	832,595	118,854	70,588	-	(643,153)
Economic Environment	383,988	-	282,490	-	(101,498)
Transportation	1,827,603	152,444	3,039	373,364	(1,298,756)
Human Services	243,642	-	-	-	(243,642)
Culture and Recreation	274,029	-	75,865	-	(198,164)
Court Related	883,317	12,901	92,658	-	(777,758)
Interest on Long-Term Debt	43,445	-	-	-	(43,445)
Total	\$ 10,616,445	\$ 1,716,154	\$ 994,424	\$ 494,220	(7,411,647)
General Revenues:					
					2,202,427
					441,820
					805,228
					65,050
					531,098
					3,170,745
					59,884
					252,488
					7,528,740
Total General Revenues					
					117,093
Change in Net Assets					
					15,620,067
Net Assets - Beginning of Year					
					\$ 15,737,160
Net Assets - End of Year					

The notes to financial statements are integral to this statement

**Fund Financial
Statements**

Balance Sheet
Governmental Activities
September 30, 2012
Union County, Florida

	Major Funds					Non-Major	
	General Fund	Local Housing Assistance Trust	Emergency Medical Services	Special Law Enforcement	Transportation Trust	Funds	Totals
Assets							
Cash and Equivalents	\$ 1,000,920	\$ 70,973	\$ 53,192	\$ 259,928	\$ 41,535	\$ 638,555	\$ 2,065,103
Investments	21,372	-	-	702,256	-	-	723,628
Accounts Receivable	1,019	-	456,881	-	20,149	12,351	490,400
Due From Other Governments	215,463	-	-	-	171,844	122,134	509,441
Due From Other Funds	196,133	-	-	-	-	1,890	198,023
Due From Employees	44	-	-	-	-	-	44
Due From Retirees	45	-	-	-	-	-	45
Inventory	-	-	-	-	13,263	-	13,263
Total Assets	\$ 1,434,996	\$ 70,973	\$ 510,073	\$ 962,184	\$ 246,791	\$ 774,930	\$ 3,999,947
Liabilities and Fund Balances							
Liabilities							
Accounts Payable and Accrued Expenses	\$ 355,279	\$ 3,223	\$ 13,089	\$ -	\$ 130,241	\$ 71,450	\$ 573,282
Due to Other Governments	2,714	-	-	-	-	-	2,714
Due to Other Funds	-	-	118,441	-	7,917	46,812	173,170
Deferred Revenue	-	67,510	-	-	-	31,970	99,480
Total Liabilities	357,993	70,733	131,530	-	138,158	150,232	848,646
Fund Balances							
Restricted	207,929	240	378,543	962,184	95,370	532,143	2,176,409
Nonspendable	-	-	-	-	13,263	-	13,263
Assigned	-	-	-	-	-	92,555	92,555
Unassigned	869,074	-	-	-	-	-	869,074
Total Fund Balances	1,077,003	240	378,543	962,184	108,633	624,698	3,151,301
Total Liabilities and Fund Balances	\$ 1,434,996	\$ 70,973	\$ 510,073	\$ 962,184	\$ 246,791	\$ 774,930	\$ 3,999,947

The notes to financial statements are integral to this statement.

**Reconciliation of the Balance Sheet
to the Statement of Net Assets
September 30, 2012
Union County, Florida**

Total Fund Balances - Governmental Funds	\$	3,151,301
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Amounts reported for governmental activities in the
Statement of Net Assets are different because:

Capital Assets used in governmental activities are not financial resources and, therefore, not reported in the fund financial statements		14,151,267
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Expenditures relating to future periods are charged to the period in which it was paid (Prepaid Expenses)		64,411
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Long-Term Liabilities are not due and payable in the
current period and, therefore, are not reported in
the fund financial statements. These liabilities are:

Notes Payable	\$	(672,700)	
Capital Leases		(238,350)	
Long-Term Monitoring of Landfill		(341,774)	
Compensated Absences		(376,995)	
Total Long-Term Liabilities			(1,629,819)

Total Net Assets of Governmental Activities	\$	15,737,160
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The notes to financial statements are integral to this statement.

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended September 30, 2012
Union County, Florida

	Major Funds					Non-Major	
	General Fund	Local Housing Assistance Trust	Emergency Medical Services	Special Law Enforcement	Transportation Trust	Funds	Totals
Revenues							
Taxes	\$ 2,601,834	\$ -	\$ -	\$ -	\$ 445,712	\$ 466,979	\$ 3,514,525
Licenses and Permits	52,580	-	193,569	-	-	284,949	531,098
Intergovernmental	3,051,046	282,490	120,856	-	135,028	1,069,969	4,659,389
Charges for Services	370,061	-	1,059,784	-	152,444	133,865	1,716,154
Fines and Forfeitures	-	-	-	47,422	-	12,462	59,884
Miscellaneous Revenues	165,128	134	36	2,797	14,958	157,893	340,946
Total Revenues	6,240,649	282,624	1,374,245	50,219	748,142	2,126,117	10,821,996
Expenditures							
Current:							
General Government	1,926,957	-	-	-	-	-	1,926,957
Public Safety	2,232,530	-	1,466,107	-	-	559,399	4,258,036
Physical Environment	118,508	-	-	-	-	1,022,432	1,140,940
Economic Environment	101,498	282,490	-	-	-	-	383,988
Transportation	120,329	-	-	-	1,411,597	150,096	1,682,022
Human Services	367,782	-	-	-	-	-	367,782
Culture and Recreation	46,706	-	-	-	-	183,519	230,225
Court Related	796,245	-	-	-	-	16,135	812,380
Debt Service:							
Principal	190,612	-	2,693	-	61,572	239,241	494,118
Interest	28,958	-	457	-	9,688	4,342	43,445
Total Expenditures	5,930,125	282,490	1,469,257	-	1,482,857	2,175,164	11,339,893
Excess of Revenues Over (Under)							
Expenditures	310,524	134	(95,012)	50,219	(734,715)	(49,047)	(517,897)
Other Financing Sources (Uses)							
Debt Proceeds	-	-	66,825	-	205,819	106,472	379,116
Transfers In	13,545	-	280,801	-	509,754	177,680	981,780
Transfers Out to Others	(9,675)	-	-	-	-	-	(9,675)
Transfers Out	(603,235)	-	(13,545)	-	-	(365,000)	(981,780)
Total Other Financing Sources (Uses)	(599,365)	-	334,081	-	715,573	(80,848)	369,441
Net Change in Fund Balances	(288,841)	134	239,069	50,219	(19,142)	(129,895)	(148,456)
Fund Balances - 10/1/2011	1,365,844	106	139,474	911,965	127,775	754,593	3,299,757
Fund Balances - 9/30/2012	\$ 1,077,003	\$ 240	\$ 378,543	\$ 962,184	\$ 108,633	\$ 624,698	\$ 3,151,301

The notes to financial statements are integral to this statement.

**Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances
to the Statement of Activities
For the Year Ended September 30, 2012
Union County, Florida**

Net Change in Fund Balances - Governmental Funds	\$ (148,456)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlay as expenditures, however, in the Statement of Activities, the costs of those assets are depreciated over their estimated useful lives	
Acquisition of Capital Assets	1,328,957
Current Year Depreciation Expense	(1,271,446)
The issuance of long-term debt provides current financial resources for governmental funds, but does not effect net assets of governmental activities	
Notes Payable	(173,297)
Capital Leases	(205,819)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment does not effect net assets of governmental activities	
Principal Payments	494,118
Expenses relating to services in future periods are shown as an asset. Governmental funds report the costs in the period in which it was paid	
Net Change in Prepaid Expenses	(26,251)
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	
Net Change in Compensated Absences	(34,331)
Landfill Long-Term Care Costs	242,076
Governmental funds report the gross proceeds of the sale or disposal of fixed assets, however, in the Statement of Activities, the net book value of the assets sold are deducted from the gross proceeds	
Net Book Value of Assets Disposed	<u>(88,458)</u>
Change in Net Assets of Governmental Activities	\$ <u><u>117,093</u></u>

The notes to financial statements are integral to this statement.

Statement of Fiduciary Net Assets
September 30, 2012
Union County, Florida

	<u>Agency Funds</u>
Assets	
Cash and Equivalents	\$ 295,538
Receivables	5,766
Due From Other Funds	<u>49,032</u>
Total Assets	350,336
 Liabilities and Fund Balances	
Liabilities	
Assets Held For Others	255,260
Due to Other Governments	21,191
Due to Other Funds	<u>73,885</u>
Total Liabilities	<u>350,336</u>
Net Assets-Unrestricted	\$ <u><u>-</u></u>

The notes to financial statements are integral to this statement.

Notes to Financial Statements
September 30, 2012
Union County, Florida

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity/Legal Authority

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

The County uses the criteria established in GASB Statement No. 14 to define the reporting entity and identify component units. 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.

Government-Wide and Fund Financial Statements

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

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

Notes to Financial Statements
September 30, 2012
Union County, Florida
(Continued)

Note 1 - Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements (concluded)

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

GASB Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*, sets forth minimum criteria for the determination of major funds. The non-major funds are combined in one column in the fund financial statements.

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.

Notes to Financial Statements
September 30, 2012
Union County, Florida
(Continued)

Note 1 - Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting (concluded)

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, 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, with the adoption of GASB 54 "Fund Balance Reporting and Governmental Fund Type Definitions," the general fund also accounts for activities related to the County's building department and the general fund of each constitutional officer.

Local Housing Assistance Trust Fund - The Local Housing Assistance Trust fund (a special revenue fund) is used to account for the proceeds of State Housing Initiative Partnership grant (SHIP) revenues which provides emergency repairs for residences and down payment assistance for home buyers. Participants must be Union County residents and meet low and moderate income guidelines.

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

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

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

The County reports the following other fund type:

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

**Notes to Financial Statements
September 30, 2012
Union County, Florida
(Continued)**

Note 1 - Summary of Significant Accounting Policies (continued)

Assets, Liabilities and Fund Equity

Cash and Equivalents and Investments

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

Receivables

Accounts receivable in the amount of \$456,881 in the Emergency Medical Services Fund consists of receivables for ambulance services provided to private individuals and the State. Of this amount, \$393,447 is reported for ambulance services provided to private individuals, which is net of an allowance for uncollectible accounts of \$100,000. This allowance represents approximately 18% of the gross ambulance service accounts receivable at September 30, 2012. The remaining balance of \$63,434 is receivable from the State for ambulance services and is deemed to be 100% collectible. The County also reported \$33,519 as accounts receivable in other funds. On the Statement of Net Assets, net internal balances of the County's agency funds in the amount of \$24,853 are reported in accounts receivable.

Inventory

Inventory is valued at cost, using the first-in/first-out (FIFO) method. The cost of governmental fund-type inventory is recorded as expenditures when purchased. Fund balance is nonspendable for the inventory on hand, at the end of the fiscal year.

Capital Assets and Long-Term Liabilities

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

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

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

Notes to Financial Statements
September 30, 2012
Union County, Florida
(Continued)

Note 1 - Summary of Significant Accounting Policies (concluded)

Assets, Liabilities and Fund Balance (concluded)

Accounts Payable

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

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.

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.

Fund Balance

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

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

Notes to Financial Statements
September 30, 2012
Union County, Florida
(Continued)

Note 2 - 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. At September 30, 2012 the County's investments totaled \$723,628 and are invested in certificate of deposits held with qualified public depositories.

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.

Note 3 - Interfund Balances and Transfers

As of September 30, 2012, interfund balances consisted of:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 196,133	\$ -
Special Revenue Funds		
Major Funds:		
Transportation Trust	-	7,917
Emergency Medical	-	118,441
Non-Major Funds:		
Solid Waste Management	-	29,970
Emergency Management	-	7,636
Public Library	-	9,206
Sheriff Surcharge	488	
Law Library	275	-
County Law Enforcement	128	-
Clerk Records Modernization	999	-
Agency Funds:		
Tax Collector Agency	-	239
Clerk of the Court Agency	-	70,767
Clerk Fines and Forfeiture Agency	-	2,879
Clerk Registry of Court	49,032	-
Total	<u>\$ 247,055</u>	<u>\$ 247,055</u>

Transfers from/to other funds for the year ended September 30, 2012 were as follows:

<u>Recipient Fund</u>	<u>Amount Transferred</u>	<u>Reason for Transfer</u>
Emergency Medical Services	\$ 280,801	Transfer from General Fund to aid in operating costs
Transportation Trust	509,754	Transfer from General Fund and 5-Cent Gas to cover road expenditures
911 Communications Account	23,927	Transfer from General Fund to aid in operating costs
Solid Waste Management	138,753	Transfer from General Fund to aid in operating costs
Long-Term Care	15,000	Transfer from Solid Waste to meet landfill long-term care funding requirement
General Fund	13,545	Transfer from Emergency Medical Services for General Fund portion of debt proceeds
Total Transfers	<u>\$ 981,780</u>	

Notes to Financial Statements
September 30, 2012
Union County, Florida
(Continued)

Note 4 – Capital Assets

Capital assets activity for the year ended September 30, 2012 was as follows:

Governmental Activities:	Balance 10/1/11	Increases	Decreases	Transfers	Balance 9/30/12
Capital Assets, Not Being Depreciated:					
Land	\$ 984,429	\$ 84,927	\$ -	\$ -	\$ 1,069,356
Construction in Progress	26,240	64,452	-	(26,240)	64,452
Total Capital Assets Not Being Depreciated	1,010,669	149,379	-	(26,240)	1,133,808
Capital Assets Being Depreciated:					
Buildings and Improvements	6,656,342	50,475	-	-	6,706,817
Infrastructure - Roads	8,376,770	138,495	-	26,240	8,541,505
Vehicles	3,031,906	404,997	178,718	192,313	3,450,498
Library Materials	257,641	12,877	-	-	270,518
Machinery and Equipment	3,062,167	366,915	47,832	6,252	3,387,502
Assets Under Capital Lease	742,058	205,819	170,878	(198,565)	578,434
Total Capital Assets Being Depreciated	22,126,884	1,179,578	397,428	26,240	22,935,274
Less Accumulated Depreciation For:					
Buildings and Improvements	2,668,059	168,932	-	-	2,836,991
Infrastructure - Roads	1,550,238	424,269	-	-	1,974,507
Vehicles	2,334,533	243,329	178,718	107,219	2,506,363
Library Materials	185,094	17,774	-	-	202,868
Machinery and Equipment	1,842,341	342,120	46,237	2,233	2,140,457
Assets Under Capital Lease	375,074	75,022	84,015	(109,452)	256,629
Total Accumulated Depreciation	8,955,339	1,271,446	308,970	-	9,917,815
Total Capital Assets, Net of Depreciation	13,171,545	(91,868)	88,458	26,240	13,017,459
Governmental Activities Capital Assets, Net	\$ 14,182,214	\$ 57,511	\$ 88,458	\$ -	\$ 14,151,267

Depreciation Expense was charged to programs for the Board as follows:

Governmental Activities	
General Government	\$ 35,006
Court Related	98,884
Public Safety	478,057
Physical Environment	40,203
Transportation	542,428
Human Services	12,048
Culture and Recreation	64,820
Total Depreciation Expense	\$ 1,271,446

Note 5 - Risk Management

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

Notes to Financial Statements
September 30, 2012
Union County, Florida
(Continued)

Note 6- Commitment/Contingencies

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

Note 7 - Long-Term Liabilities

Notes Payable

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

\$883,400 sales tax note, dated September 19, 2007; payable in monthly installments of \$12,576 payable from the General Fund, including interest at 5.14% through September 19, 2014. Loan is secured by a pledge of the County's one-half cent sales tax.	\$ 285,285
Note payable to Capital City Bank for Emergency Medical Director's vehicle, interest rate of 3.25%, payable from Emergency Medical Services. The loan secured by non ad-valorem taxes.	24,742
Note payable to Community State Bank to assist in purchase of ambulance, interest rate of 3.20%, payable from Emergency Medical Services. Loan secured by non ad-valorem taxes.	39,390
Note payable to Kansas State Bank for roll-off truck, interest rate of 3.668%, payable from Solid Waste. Loan is secured by a first lien on the equipment.	106,472
Loan Payable to Ford Motor Credit for truck loan, interest rate of 9.75%, payable from Transportation Trust Fund. The County secured the loan by pledging the vehicle.	5,168
Note payable to Capital City Bank for purchase of Supervisor of Elections building, interest rate of 3.80%, payable from General Fund. The loan is secured by non ad-valorem revenues.	<u>211,643</u>
Total	\$ <u><u>672,700</u></u>

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

Year Ending September 30,	Principal	Interest	Total
2013	\$ 226,844	\$ 24,595	\$ 251,439
2014	231,131	10,159	241,290
2015	88,481	6,967	95,448
2016	91,780	3,668	95,448
2017	<u>34,464</u>	<u>1,025</u>	<u>35,489</u>
Total	\$ <u><u>672,700</u></u>	\$ <u><u>46,414</u></u>	\$ <u><u>719,114</u></u>

Notes to Financial Statements
September 30, 2012
Union County, Florida
(Continued)

Note 7 - Long-Term Liabilities (continued)

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, 2012 are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2013	\$ 43,386
2014	28,829
2015	19,322
2016	17,420
2017	<u>155,162</u>
Total Minimum Lease Payments	264,119
Less: Amount Representing Interest	<u>25,769</u>
Present Value of Minimum Lease Payments	<u>\$ 238,350</u>

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

The following is a summary of changes in long-term debt of the County for the year ended September 30, 2012:

	<u>Balance 10/1/11</u>	<u>Additions</u>	<u>Reductions</u>	<u>Adjustments*</u>	<u>Balance 9/30/12</u>	<u>Due Within One Year</u>
Notes Payable	\$ 774,042	\$ 173,297	\$ 274,639	\$ -	\$ 672,700	\$ 226,884
Capital Lease Obligations	254,048	205,819	219,479	(2,038)	238,350	36,453
Landfill Long-Term Care Costs	583,850	-	242,076	-	341,774	68,355
Compensated Absences	<u>342,664</u>	<u>34,331</u>	<u>-</u>	<u>-</u>	<u>376,995</u>	<u>125,665</u>
Total Long-Term Liabilities	<u>\$ 1,954,604</u>	<u>\$ 413,447</u>	<u>\$ 736,194</u>	<u>(2,038)</u>	<u>\$ 1,629,819</u>	<u>\$ 457,357</u>

* adjustments relate to correction of errors noted in vendor amortization schedules

The total interest incurred for the year ended September 30, 2012 was \$43,445.

Notes to Financial Statements
September 30, 2012
Union County, Florida
(Continued)

Note 8 - Landfill Long-Term Care Costs

The State of Florida requires the County to monitor its closed landfill. Monitoring includes periodic testing of groundwater over the next 5 years. If the groundwater is contaminated by the landfill, then the County must take steps to remedy the situation. Costs of monitoring wells and landfill groundwater, of approximately \$68,355 per year, are expected to be incurred for a period of approximately 5 years. Actual costs may be higher or lower, depending on inflation, changes in technology or changes in regulations. The County's engineers calculate the annual cost of long-term care.

The County is required to deposit the annual estimate in a separate fund to pay for these costs. The County carried over cash of \$107,415 from fiscal year ending September 30, 2011 to fiscal year ending September 30, 2012. During the fiscal year, the County deposited \$15,040 into the landfill escrow account and expended \$52,117 related to monitoring costs.

Note 9 - Pension Plan

Plan Description. The County contributes to the Florida Retirement System ("System"), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida, Department of Management Services, Division of Retirement. The System provides retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Florida Retirement System, PO Box 9000, Tallahassee, Florida 32315-9000, or by calling (850) 488-6491.

Funding Policy. The County and plan members are required to contribute at an actuarially determined rate. Employer contribution rates of the County applicable to wages earned, as follows:

	<u>10/1/11-6/30/12</u>	<u>7/1/12-9/30/12</u>
Regular Employees	4.91%	5.18%
DROP Employees	4.42%	5.44%
Special Risk Employees	14.10%	14.90%
Senior Management Employees	6.27%	6.30%
Elected Officials	11.14%	10.23%

Employee contribution rates are 3% of applicable wages earned. The contribution requirements of plan members and the County are established and may be amended by the Florida Legislature. The County's contributions to the System for the years ended September 30, 2012, 2011, and 2010 were \$328,504, \$487,451 and \$512,539, respectively, and are equal to the required contributions for each year.

Note 10 - Jointly Governed Organizations

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.

Notes to Financial Statements
September 30, 2012
Union County, Florida
(Continued)

Note 10 - Jointly Governed Organizations (concluded)

New River Public Library Cooperative (concluded)

The Board received from New River Public Library Cooperative \$12,000, in rental charges, in fiscal year 2011-2012. 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, 2012 (latest available information), is hereafter presented:

Total Assets	\$	463,041
Total Liabilities	\$	33,694
Total Net Assets	\$	429,347
Total Revenues	\$	366,176
Total Expenses	\$	382,923
Change in Net Assets	\$	(16,747)

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 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 Board incurred \$182,838 in solid waste tipping charges, during fiscal year 2012. The charges are based on the amount of solid waste taken into the landfill from Union County and its residents. The Board received \$382,486 from the New River Solid Waste Association in revenue sharing, host and assessment fees. The Association's condensed financial information, as of and for the year ended September 30, 2012 (latest available information), is hereafter presented:

Total Assets	\$	46,286,537
Total Liabilities	\$	14,687,122
Total Net Assets	\$	31,599,415
Total Revenues	\$	7,174,213
Total Non-Operating Revenues (Expenses)	\$	(197,701)
Total Expenses	\$	5,748,810
Change in Net Assets	\$	1,227,702

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.

Notes to Financial Statements
September 30, 2012
Union County, Florida
(Concluded)

Note 11 – Budget Over Expenditures

For the period ended September 30, 2012, the following funds over expended their budget:

Major Fund:		
Transportation Trust Fund	\$	184,313
Non-Major Funds:		
Solid Waste		92,105
Emergency Management		157,937
		<hr/>
Total	\$	<u>434,355</u>

Budget over expenditures were caused by unanticipated revenue in the form of grants and debt proceeds that required budget amendments to expend, however no such amendments were executed.

Note 12 – Fund Balances

Beginning with fiscal year 2011, the County implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. 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. At September 30, 2012 the County had the following restrictions on fund balances:

Restricted for:	General Fund	Local Housing Assistance Trust	Emergency Medical Services	Special Law Enforcement	Transportation Trust	Non-Major Funds
Public Safety	\$ -	\$ -	\$ 378,543	\$ 962,184	\$ -	\$ 166,789
Physical Environment	-	-	-	-	-	151,275
Economic Environment	-	240	-	-	-	-
Transportation	-	-	-	-	95,370	51,603
Culture and Recreation	-	-	-	-	-	104,272
Court Related	207,929	-	-	-	-	58,204
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 207,929	\$ 240	\$ 378,543	\$ 962,184	\$ 95,370	\$ 532,143

Nonspendable – amounts that are not in spendable form (such as inventory) or are required to be maintained intact. The County reported nonspendable fund balances of \$13,263 related to ending fuel inventory of the Transportation Trust Fund.

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. The County reported \$92,555 in assigned fund balance which relates to residual General Fund transfers made to Emergency Management; which the Board intends to be spent on emergency management (public safety) related activities.

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

Required Supplementary Information

**Schedule of Revenues, Expenditures and
Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended September 30, 2012
Union County, Florida**

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Taxes	\$ 2,529,062	\$ 2,569,912	\$ 2,601,834
Licenses and Permits	58,300	58,300	52,580
Intergovernmental	2,965,168	3,508,310	3,051,046
Charges for Services	372,250	371,122	370,061
Miscellaneous Revenues	143,392	147,796	165,128
FS 129 Statutory Reduction	(261,586)	(259,256)	-
Total Revenues	5,806,586	6,396,184	6,240,649
Expenditures			
Current:			
General Government	1,983,676	2,041,176	1,926,957
Public Safety	2,102,162	2,229,275	2,232,530
Physical Environment	127,137	127,137	118,508
Economic Environment	113,073	113,073	101,498
Transportation	-	500,000	120,329
Human Services	347,639	347,639	367,782
Culture and Recreation	38,800	46,416	46,706
Court Related	819,261	852,581	796,245
Debt Service:			
Principal	195,103	208,163	190,612
Interest	-	-	28,958
Total Expenditures	5,726,851	6,465,460	5,930,125
Excess of Revenues Over (Under) Expenditures	79,735	(69,276)	310,524
Other Financing Sources (Uses)			
Debt Service	-	-	-
Transfers In	12,600	13,545	13,545
Transfers Out to Others	-	-	(9,675)
Transfers Out	(611,969)	(583,235)	(603,235)
Total Other Financing Sources (Uses)	(599,369)	(569,690)	(599,365)
Net Change in Fund Balances	(519,634)	(638,966)	(288,841)
Fund Balances-October 1, 2011	1,274,550	1,291,662	1,365,844
Fund Balances-September 30, 2012	\$ 754,916	\$ 652,696	\$ 1,077,003

Note to Budgetary Comparison Schedule:

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

**Schedule of Revenues, Expenditures and
Changes in Fund Balances
Budget and Actual - Local Housing Assistance Trust Fund
For the Year Ended September 30, 2012
Union County, Florida**

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Intergovernmental	\$ 350,000	\$ 350,000	\$ 282,490
Miscellaneous Revenues	100	100	134
FS 129 Statutory Reduction	(5)	(5)	-
Total Revenues	350,095	350,095	282,624
Expenditures			
Current:			
Economic Environment	367,495	380,095	282,490
Total Expenditures	367,495	380,095	282,490
Excess of Revenues Over (Under) Expenditures	(17,400)	(30,000)	134
Other Financing Sources (Uses)			
Transfers Out	(12,600)	-	-
Total Other Financing Sources (Uses)	(12,600)	-	-
Net Change in Fund Balances	(30,000)	(30,000)	134
Fund Balances-October 1, 2011	30,000	30,000	106
Fund Balances-September 30, 2012	\$ -	\$ -	\$ 240

Note to Budgetary Comparison Schedule:

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

**Schedule of Revenues, Expenditures and
Changes in Fund Balances
Budget and Actual - Emergency Medical Services
For the Year Ended September 30, 2012
Union County, Florida**

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Licenses and Permits	\$ 190,000	\$ 190,000	\$ 193,569
Intergovernmental	-	120,856	120,856
Charges for Services	645,000	750,000	1,059,784
Miscellaneous Revenues	50	50	36
FS 129 Statutory Reduction	(41,753)	(48,503)	-
Total Revenues	793,297	1,012,403	1,374,245
Expenditures			
Current:			
Public Safety	1,153,004	1,462,582	1,466,107
Debt Service:			
Principal	6,000	7,808	2,693
Interest	-	-	457
Total Expenditures	1,159,004	1,470,390	1,469,257
Excess of Revenues Over (Under) Expenditures	(365,707)	(457,987)	(95,012)
Other Financing Sources (Uses)			
Debt Proceeds	-	66,825	66,825
Transfers In	260,801	260,801	280,801
Transfers Out	-	(13,545)	(13,545)
Total Other Financing Sources (Uses)	260,801	314,081	334,081
Net Change in Fund Balances	(104,906)	(143,906)	239,069
Fund Balances-October 1, 2011	104,906	143,906	139,474
Fund Balances-September 30, 2012	\$ -	\$ -	\$ 378,543

Note to Budgetary Comparison Schedule:

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

**Schedule of Revenues, Expenditures and
Changes in Fund Balances
Budget and Actual - Special Law Enforcement Trust
For the Year Ended September 30, 2012
Union County, Florida**

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Fines and Forfeitures	\$ 30,000	\$ 30,000	\$ 47,422
Miscellaneous Revenues	1,500	1,500	2,797
FS 129 Statutory Reduction	<u>(1,575)</u>	<u>(1,575)</u>	<u>-</u>
Total Revenues	29,925	29,925	50,219
Expenditures			
Current:			
Public Safety	<u>913,925</u>	<u>913,925</u>	<u>-</u>
Total Expenditures	<u>913,925</u>	<u>913,925</u>	<u>-</u>
Net Change in Fund Balances	(884,000)	(884,000)	50,219
Fund Balances-October 1, 2011	<u>884,000</u>	<u>884,000</u>	<u>911,965</u>
Fund Balances-September 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 962,184</u>

Note to Budgetary Comparison Schedule:

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

**Schedule of Revenues, Expenditures and
Changes in Fund Balances
Budget and Actual – Transportation Trust Fund
For the Year Ended September 30, 2012
Union County, Florida**

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Taxes	\$ 474,984	\$ 474,984	\$ 445,712
Intergovernmental	3,039	114,039	135,028
Charges for Services	120,000	152,000	152,444
Miscellaneous Revenues	500	7,693	14,958
FS 129 Statutory Reduction	(29,926)	(29,926)	-
Total Revenues	568,597	718,790	748,142
Expenditures			
Current:			
Transportation	1,024,980	1,225,173	1,411,597
Debt Service:			
Principal	73,371	73,371	61,572
Interest	-	-	9,688
Total Expenditures	1,098,351	1,298,544	1,482,857
Excess of Revenues Over (Under) Expenditures	(529,754)	(579,754)	(734,715)
Other Financing Sources (Uses)			
Debt Proceeds	-	-	205,819
Transfers In	529,754	529,754	509,754
Total Other Financing Sources (Uses)	529,754	529,754	715,573
Net Change in Fund Balances	-	(50,000)	(19,142)
Fund Balances-October 1, 2011	-	50,000	127,775
Fund Balances-September 30, 2012	\$ -	\$ -	\$ 108,633

Note to Budgetary Comparison Schedule:

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

Supplemental Information

Combining Balance Sheets
Board and Officer General Funds
September 30, 2012
Union County, Florida

	<u>Board of County Commissioners</u>	<u>Clerk of Circuit Court</u>	<u>Sheriff</u>
Assets			
Cash and Equivalents	\$ 644,507	\$ 190,155	\$ 136,978
Investments	21,372	-	-
Accounts Receivable	1,019	-	-
Due From Other Governments	192,604	22,763	-
Due From Other Funds	217,465	20,057	-
Due From Employees	-	-	-
Due From Retirees	45	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u><u>\$ 1,077,012</u></u>	<u><u>\$ 232,975</u></u>	<u><u>\$ 136,978</u></u>
 Liabilities and Fund Balances			
Liabilities			
Accounts Payable and Accrued Expenses	\$ 198,876	\$ 9,555	\$ 135,276
Due to Other Governments	2,578	-	-
Due to Other Funds	-	15,491	1,702
Deferred Revenue	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	201,454	25,046	136,978
 Fund Balances			
Restricted	-	207,929	-
Unassigned	875,558	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>875,558</u>	<u>207,929</u>	<u>-</u>
 Total Liabilities and Fund Balances	<u><u>\$ 1,077,012</u></u>	<u><u>\$ 232,975</u></u>	<u><u>\$ 136,978</u></u>

Combining Balance Sheets
Board and Officer General Funds
September 30, 2012
Union County, Florida
(Continued)

	<u>Tax Collector</u>	<u>Property Appraiser</u>	<u>Supervisor of Elections</u>
Assets			
Cash and Equivalents	\$ 16,408	\$ 12,845	\$ 27
Investments	-	-	-
Accounts Receivable	-	-	-
Due From Other Governments	-	96	-
Due From Other Funds	-	-	-
Due From Employees	-	-	44
Due From Retirees	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 16,408</u>	<u>\$ 12,941</u>	<u>\$ 71</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable and Accrued Expenses	\$ -	\$ 10,466	\$ 1,106
Due to Other Governments	-	136	-
Due to Other Funds	16,408	2,339	5,449
Deferred Revenue	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	16,408	12,941	6,555
Fund Balances			
Restricted	-	-	-
Unassigned	-	-	(6,484)
	<u>-</u>	<u>-</u>	<u>(6,484)</u>
Total Fund Balances	<u>-</u>	<u>-</u>	<u>(6,484)</u>
Total Liabilities and Fund Balances	<u>\$ 16,408</u>	<u>\$ 12,941</u>	<u>\$ 71</u>

Combining Balance Sheets
Board and Officer General Funds
September 30, 2012
Union County, Florida
(Concluded)

	<u>Subtotals</u>	<u>Interfund Eliminations</u>	<u>Totals</u>
Assets			
Cash and Equivalents	\$ 1,000,920	\$ -	\$ 1,000,920
Investments	21,372	-	21,372
Accounts Receivable	1,019	-	1,019
Due From Other Governments	215,463	-	215,463
Due From Other Funds	237,522	(41,389)	196,133
Due From Employees	44	-	44
Due From Retirees	45	-	45
Total Assets	<u>\$ 1,476,385</u>	<u>\$ (41,389)</u>	<u>\$ 1,434,996</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable and Accrued Expenses	\$ 355,279	\$ -	\$ 355,279
Due to Other Governments	2,714	-	2,714
Due to Other Funds	41,389	(41,389)	-
Deferred Revenue	-	-	-
Total Liabilities	399,382	(41,389)	357,993
Fund Balances			
Restricted	207,929	-	207,929
Unassigned	869,074	-	869,074
Total Fund Balances	<u>1,077,003</u>	<u>-</u>	<u>1,077,003</u>
Total Liabilities and Fund Balances	<u>\$ 1,476,385</u>	<u>\$ (41,389)</u>	<u>\$ 1,434,996</u>

**Combining Statement of Revenues, Expenditures and
Changes in Fund Balances – Budget to Actual
Board and Officer General Funds
For the Year Ended September 30, 2012
Union County, Florida**

	Board of County Commissioners			Clerk of Circuit Courts		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenues						
Taxes	\$ 2,529,062	\$ 2,569,912	\$ 2,601,834	\$ -	\$ -	\$ -
Licenses and Permits	58,300	58,300	52,580	-	-	-
Intergovernmental	2,439,095	2,982,237	2,533,975	526,073	526,073	513,705
Charges for Services	112,300	112,300	110,366	30,694	30,694	30,694
Miscellaneous Revenues	141,900	146,304	163,778	-	-	-
FS 129 Statutory Reduction	(261,586)	(259,256)	-	-	-	-
Total Revenues	5,019,071	5,609,797	5,462,533	556,767	556,767	544,399
Expenditures						
Current:						
General Government	766,026	808,161	699,527	247,413	247,413	247,137
Public Safety	385,240	466,070	470,099	-	-	-
Physical Environment	127,137	127,137	118,508	-	-	-
Economic Environment	113,073	113,073	101,498	-	-	-
Transportation	-	500,000	120,329	-	-	-
Human Services	347,639	347,639	367,782	-	-	-
Culture and Recreation	38,800	46,416	46,706	-	-	-
Court Related	265,956	299,276	256,298	553,305	553,305	539,947
Debt Service:						
Principal	195,103	208,163	190,612	-	-	-
Interest	-	-	28,958	-	-	-
Total Expenditures	2,238,974	2,915,935	2,400,317	800,718	800,718	787,084
Excess of Revenues Over (Under) Expenditures	2,780,097	2,693,862	3,062,216	(243,951)	(243,951)	(242,685)
Other Financing Sources (Uses)						
Debt Proceeds	-	-	-	-	-	-
Transfers In	37,600	38,545	49,188	275,000	275,000	275,000
Transfers Out to Others	-	-	-	-	-	(9,635)
Transfers Out	(3,354,507)	(3,388,564)	(3,405,426)	(11,492)	(11,492)	(15,491)
Total Other Financing Sources (Uses)	(3,316,907)	(3,350,019)	(3,356,238)	263,508	263,508	249,874
Net Change in Fund Balances	(536,810)	(656,157)	(294,022)	19,557	19,557	7,189
Fund Balances - 10/1/2011	1,076,810	1,093,922	1,169,580	197,740	197,740	200,740
Fund Balances - 9/30/2012	\$ 540,000	\$ 437,765	\$ 875,558	\$ 217,297	\$ 217,297	\$ 207,929

Note to Budgetary Comparison Schedule:

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

**Combining Statement of Revenues, Expenditures and
Changes in Fund Balances – Budget to Actual
Board and Officer General Funds
For the Year Ended September 30, 2012
Union County, Florida
(Continued)**

	Sheriff			Tax Collector		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for Services	-	-	-	221,540	221,540	219,279
Miscellaneous Revenues	-	-	-	1,492	1,492	1,109
FS 129 Statutory Reduction	-	-	-	-	-	-
Total Revenues	-	-	-	223,032	223,032	220,388
Expenditures						
Current:						
General Government	22,370	22,370	21,442	332,030	332,030	324,122
Public Safety	1,716,922	1,763,205	1,762,431	-	-	-
Physical Environment	-	-	-	-	-	-
Economic Environment	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Human Services	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-
Court Related	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total Expenditures	<u>1,739,292</u>	<u>1,785,575</u>	<u>1,783,873</u>	<u>332,030</u>	<u>332,030</u>	<u>324,122</u>
Excess of Revenues Over (Under) Expenditures	(1,739,292)	(1,785,575)	(1,783,873)	(108,998)	(108,998)	(103,734)
Other Financing Sources (Uses)						
Debt Proceeds	-	-	-	-	-	-
Transfers In	1,739,292	1,785,575	1,785,575	120,142	120,142	120,142
Transfers Out to Others	-	-	-	-	-	-
Transfers Out	-	-	(1,702)	(11,144)	(11,144)	(16,408)
Total Other Financing Sources (Uses)	<u>1,739,292</u>	<u>1,785,575</u>	<u>1,783,873</u>	<u>108,998</u>	<u>108,998</u>	<u>103,734</u>
Net Change in Fund Balances	-	-	-	-	-	-
Fund Balances - 10/1/2011	-	-	-	-	-	-
Fund Balances - 9/30/2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Combining Statement of Revenues, Expenditures and
Changes in Fund Balances – Budget to Actual
Board and Officer General Funds
For the Year Ended September 30, 2012
Union County, Florida
(Continued)**

	Property Appraiser			Supervisor of Elections		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	3,366
Charges for Services	7,716	6,588	8,783	-	-	939
Miscellaneous Revenues	-	-	220	-	-	21
FS 129 Statutory Reduction	-	-	-	-	-	-
Total Revenues	<u>7,716</u>	<u>6,588</u>	<u>9,003</u>	<u>-</u>	<u>-</u>	<u>4,326</u>
Expenditures						
Current:						
General Government	345,261	345,246	345,579	270,576	285,956	289,150
Public Safety	-	-	-	-	-	-
Physical Environment	-	-	-	-	-	-
Economic Environment	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Human Services	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-
Court Related	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total Expenditures	<u>345,261</u>	<u>345,246</u>	<u>345,579</u>	<u>270,576</u>	<u>285,956</u>	<u>289,150</u>
Excess of Revenues Over (Under) Expenditures	(337,545)	(338,658)	(336,576)	(270,576)	(285,956)	(284,824)
Other Financing Sources (Uses)						
Debt Proceeds	-	-	-	-	-	-
Transfers In	337,545	338,658	338,658	270,576	285,956	282,816
Transfers Out to Others	-	-	(41)	-	-	-
Transfers Out	-	-	(2,041)	-	-	-
Total Other Financing Sources (Uses)	<u>337,545</u>	<u>338,658</u>	<u>336,576</u>	<u>270,576</u>	<u>285,956</u>	<u>282,816</u>
Net Change in Fund Balances	-	-	-	-	-	(2,008)
Fund Balances - 10/1/2011	-	-	-	-	-	(4,476)
Fund Balances - 9/30/2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,484)</u>

**Combining Statement of Revenues, Expenditures and
Changes in Fund Balances – Budget to Actual
Board and Officer General Funds
For the Year Ended September 30, 2012
Union County, Florida
(Continued)**

	Subtotals			Interfund Eliminations		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenues						
Taxes	\$ 2,529,062	\$ 2,569,912	\$ 2,601,834	\$ -	\$ -	\$ -
Licenses and Permits	58,300	58,300	52,580	-	-	-
Intergovernmental	2,965,168	3,508,310	3,051,046	-	-	-
Charges for Services	372,250	371,122	370,061	-	-	-
Miscellaneous Revenues	143,392	147,796	165,128	-	-	-
FS 129 Statutory Reduction	(261,586)	(259,256)	-	-	-	-
Total Revenues	5,806,586	6,396,184	6,240,649	-	-	-
Expenditures						
Current:						
General Government	1,983,676	2,041,176	1,926,957	-	-	-
Public Safety	2,102,162	2,229,275	2,232,530	-	-	-
Physical Environment	127,137	127,137	118,508	-	-	-
Economic Environment	113,073	113,073	101,498	-	-	-
Transportation	-	500,000	120,329	-	-	-
Human Services	347,639	347,639	367,782	-	-	-
Culture and Recreation	38,800	46,416	46,706	-	-	-
Court Related	819,261	852,581	796,245	-	-	-
Debt Service:						
Principal	195,103	208,163	190,612	-	-	-
Interest	-	-	28,958	-	-	-
Total Expenditures	5,726,851	6,465,460	5,930,125	-	-	-
Excess of Revenues Over (Under) Expenditures	79,735	(69,276)	310,524	-	-	-
Other Financing Sources (Uses)						
Debt Proceeds	-	-	-	-	-	-
Transfers In	2,780,155	2,843,876	2,851,379	(2,767,555)	(2,830,331)	(2,837,834)
Transfers Out to Others	-	-	(9,676)	-	-	1
Transfers Out	(3,377,143)	(3,411,200)	(3,441,068)	2,765,174	2,827,965	2,837,833
Total Other Financing Sources (Uses)	(596,988)	(567,324)	(599,365)	(2,381)	(2,366)	-
Net Change in Fund Balances	(517,253)	(636,600)	(288,841)	(2,381)	(2,366)	-
Fund Balances - 10/1/2011	1,274,550	1,291,662	1,365,844	-	-	-
Fund Balances - 9/30/2012	\$ 757,297	\$ 655,062	\$ 1,077,003	\$ (2,381)	\$ (2,366)	\$ -

**Combining Statement of Revenues, Expenditures and
Changes in Fund Balances – Budget to Actual
Board and Officer General Funds
For the Year Ended September 30, 2012
Union County, Florida
(Concluded)**

	Totals		
	Original Budget	Final Budget	Actual
Revenues			
Taxes	\$ 2,529,062	\$ 2,569,912	\$ 2,601,834
Licenses and Permits	58,300	58,300	52,580
Intergovernmental	2,965,168	3,508,310	3,051,046
Charges for Services	372,250	371,122	370,061
Miscellaneous Revenues	143,392	147,796	165,128
FS 129 Statutory Reduction	(261,586)	(259,256)	-
Total Revenues	5,806,586	6,396,184	6,240,649
Expenditures			
Current:			
General Government	1,983,676	2,041,176	1,926,957
Public Safety	2,102,162	2,229,275	2,232,530
Physical Environment	127,137	127,137	118,508
Economic Environment	113,073	113,073	101,498
Transportation	-	500,000	120,329
Human Services	347,639	347,639	367,782
Culture and Recreation	38,800	46,416	46,706
Court Related	819,261	852,581	796,245
Debt Service:			
Principal	195,103	208,163	190,612
Interest	-	-	28,958
Total Expenditures	5,726,851	6,465,460	5,930,125
Excess of Revenues Over (Under) Expenditures	79,735	(69,276)	310,524
Other Financing Sources (Uses)			
Debt Proceeds	-	-	-
Transfers In	12,600	13,545	13,545
Transfers Out to Others	-	-	(9,675)
Transfers Out	(611,969)	(583,235)	(603,235)
Total Other Financing Sources (Uses)	(599,369)	(569,690)	(599,365)
Net Change in Fund Balances	(519,634)	(638,966)	(288,841)
Fund Balances - 10/1/2011	1,274,550	1,291,662	1,365,844
Fund Balances - 9/30/2012	\$ 754,916	\$ 652,696	\$ 1,077,003

**Combining Balance Sheets
Non-Major Governmental Funds
September 30, 2012
Union County, Florida**

	Special Revenue Funds					
	Solid Waste	Five-Cent Gas Tax	County Law Enforcement	Emergency Management	Public Library	Landfill Long-Term Care
Assets						
Cash and Equivalents	\$ 118,522	\$ 44,301	\$ 18,999	\$ 60,024	\$ 113,252	\$ 70,338
Accounts Receivable	12,303	-	-	-	48	-
Due From Other Governments	7,316	36,352	-	52,082	-	-
Due From Other Funds	-	-	128	-	-	-
Inventory	-	-	-	-	-	-
Total Assets	\$ 138,141	\$ 80,653	\$ 19,127	\$ 112,106	\$ 113,300	\$ 70,338
Liabilities and Fund Balances						
Liabilities						
Accounts Payable and Accrued Expenses	\$ 26,348	\$ 29,050	\$ -	\$ 11,915	\$ 140	\$ 886
Due to Other Funds	29,970	-	-	7,636	9,206	-
Deferred Revenue	-	-	-	-	-	-
Total Liabilities	56,318	29,050	-	19,551	9,346	886
Fund Balances						
Restricted	81,823	51,603	19,127	-	103,954	69,452
Assigned	-	-	-	92,555	-	-
Total Fund Balances	81,823	51,603	19,127	92,555	103,954	69,452
Total Liabilities and Fund Balances	\$ 138,141	\$ 80,653	\$ 19,127	\$ 112,106	\$ 113,300	\$ 70,338

**Combining Balance Sheets
Non-Major Governmental Funds
September 30, 2012
Union County, Florida
(Concluded)**

	Special Revenue Funds					
	911	Sheriff Surcharge	Law Library	Clerk Records Modernization	Sheriff Inmate Welfare	Totals
Assets						
Cash and Equivalents	\$ 81,037	\$ 41,770	\$ 779	\$ 57,205	\$ 32,328	\$ 638,555
Accounts Receivable	-	-	-	-	-	12,351
Due From Other Governments	26,384	-	-	-	-	122,134
Due From Other Funds	-	488	275	999	-	1,890
Inventory	-	-	-	-	-	-
Total Assets	<u>\$ 107,421</u>	<u>\$ 42,258</u>	<u>\$ 1,054</u>	<u>\$ 58,204</u>	<u>\$ 32,328</u>	<u>\$ 774,930</u>
Liabilities and Fund Balances						
Liabilities						
Accounts Payable and Accrued Expenses	\$ -	\$ 2,375	\$ 736	\$ -	\$ -	\$ 71,450
Due to Other Funds	-	-	-	-	-	46,812
Deferred Revenue	31,970	-	-	-	-	31,970
Total Liabilities	31,970	2,375	736	-	-	150,232
Fund Balances						
Restricted	75,451	39,883	318	58,204	32,328	532,143
Assigned	-	-	-	-	-	92,555
Total Fund Balances	<u>75,451</u>	<u>39,883</u>	<u>318</u>	<u>58,204</u>	<u>32,328</u>	<u>624,698</u>
Total Liabilities and Fund Balances	<u>\$ 107,421</u>	<u>\$ 42,258</u>	<u>\$ 1,054</u>	<u>\$ 58,204</u>	<u>\$ 32,328</u>	<u>\$ 774,930</u>

**Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non-Major Governmental Funds
For the Year Ended September 30, 2012
Union County, Florida**

	Special Revenue Funds					
	Solid Waste	Five-Cent Gas Tax	County Law Enforcement	Emergency Management	Public Library	Landfil Long-Term Care
Revenues						
Taxes	\$ -	\$ 359,516	\$ -	\$ -	\$ 107,463	\$ -
Licenses and Permits	284,949	-	-	-	-	-
Intergovernmental	395,588	121,046	-	284,004	75,865	-
Charges for Services	118,854	-	-	-	-	-
Fines and Forfeitures	-	-	2,020	-	-	-
Miscellaneous Revenues	9,534	130,065	-	102	18,539	40
Total Revenues	808,925	610,627	2,020	284,106	201,867	40
Expenditures						
Current:						
General Government	-	-	-	-	-	-
Public Safety	-	-	3,100	353,530	-	-
Physical Environment	973,060	-	-	-	-	49,372
Economic Environment	-	-	-	-	-	-
Transportation	-	150,096	-	-	-	-
Culture and Recreation	-	-	-	-	183,519	-
Court Related	-	-	-	-	-	-
Debt Service:						
Principal	41,787	196,205	-	1,249	-	-
Interest	1,849	2,173	-	320	-	-
Total Expenditures	1,016,696	348,474	3,100	355,099	183,519	49,372
Excess of Revenues Over (Under)						
Expenditures	(207,771)	262,153	(1,080)	(70,993)	18,348	(49,332)
Other Financing Sources (Uses)						
Debt Proceeds	106,472	-	-	-	-	-
Transfers In	138,753	-	-	-	-	15,000
Transfers Out	(15,000)	(350,000)	-	-	-	-
Total Other Financing Sources (Uses)	230,225	(350,000)	-	-	-	15,000
Net Change in Fund Balances	22,454	(87,847)	(1,080)	(70,993)	18,348	(34,332)
Fund Balances - 10/1/2011	59,369	139,450	20,207	163,548	85,606	103,784
Fund Balances - 9/30/2012	\$ 81,823	\$ 51,603	\$ 19,127	\$ 92,555	\$ 103,954	\$ 69,452

**Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non-Major Governmental Funds
For the Year Ended September 30, 2012
Union County, Florida
(Concluded)**

	Special Revenue Funds					
	911	Sheriff Surcharge	Law Library	Clerk Records Modernization	Sheriff Inmate Welfare	Totals
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 466,979
Licenses and Permits	-	-	-	-	-	284,949
Intergovernmental	193,466	-	-	-	-	1,069,969
Charges for Services	-	-	2,358	10,543	2,110	133,865
Fines and Forfeitures	-	6,875	-	3,567	-	12,462
Miscellaneous Revenues	270	(62)	(13)	(582)	-	157,893
Total Revenues	193,736	6,813	2,345	13,528	2,110	2,126,117
Expenditures						
Current:						
General Government	-	-	-	-	-	-
Public Safety	198,559	3,325	-	-	885	559,399
Physical Environment	-	-	-	-	-	1,022,432
Economic Environment	-	-	-	-	-	-
Transportation	-	-	-	-	-	150,096
Culture and Recreation	-	-	-	-	-	183,519
Court Related	-	-	2,377	13,758	-	16,135
Debt Service:						
Principal	-	-	-	-	-	239,241
Interest	-	-	-	-	-	4,342
Total Expenditures	198,559	3,325	2,377	13,758	885	2,175,164
Excess of Revenues Over (Under)						
Expenditures	(4,823)	3,488	(32)	(230)	1,225	(49,047)
Other Financing Sources (Uses)						
Debt Proceeds	-	-	-	-	-	106,472
Transfers In	23,927	-	-	-	-	177,680
Transfer Out to Others	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	(365,000)
Total Other Financing Sources (Uses)	23,927	-	-	-	-	(80,848)
Net Change in Fund Balances	19,104	3,488	(32)	(230)	1,225	(129,895)
Fund Balances - 10/1/2011	56,347	36,395	350	58,434	31,103	754,593
Fund Balances - 9/30/2012	\$ 75,451	\$ 39,883	\$ 318	\$ 58,204	\$ 32,328	\$ 624,698

Combining Statement of Fiduciary Net Assets
September 30, 2012
Union County, Florida

	Agency Funds			
	Clerk of Circuit Court	Sheriff	Tax Collector	Total
Assets				
Cash and Equivalents	\$ 170,407	\$ 8,545	\$ 116,586	\$ 295,538
Receivables	5,766	-	-	5,766
Due From Other Funds	49,032	-	-	49,032
Total Assets	225,205	8,545	116,586	350,336
Liabilities and Fund Balances				
Liabilities				
Assets Held For Others	136,062	2,851	116,347	255,260
Due to Other Governments	15,497	5,694	-	21,191
Due to Other Funds	73,646	-	239	73,885
Total Liabilities	225,205	8,545	116,586	350,336
Net Assets-Unrestricted	\$ -	\$ -	\$ -	\$ -

**Schedule of Expenditures of Federal and State Financial Assistance
For the Year Ended September 30, 2012
Union County, Florida**

Federal Grantor/Pass-through Grantor/Program Title	Contract Number	CFDA/CSFA #	Award Amount	Expenditures
U.S. Department of Justice				
Passed through the Office of the Attorney General				
Victims of Crimes Act (VOCA) Grant	V11030	16.575	35,234 \$	34,827
U.S. Department of Health and Human Services,				
Passed through the Florida Department of Revenue				
Child Support Enforcement	CD363	93.563	92,266	73,101
Passed through the Florida Department of State				
Federal HHS VOTE Program Grant	MOA# 2011-2012-0002	93.617	635	635
Federal HHS VOTE Program Grant	MOA# 2012-2013-0002	93.617	2,731	2,731
Total CFDA 93.617			3,366	3,366
U.S. Department of Commerce				
Passed through Alachua County Sheriff				
Public Safety Interoperable Communications	12-DS-8D-03-11-01	11.555	166,920	158,003
U.S. Department of Homeland Security				
Passed through the Florida Department of Law Enforcement				
Edward Byrne Memorial Justice Assistance - 2011 Crime Prevention	2012-JAGC-UNIO-1-C4-083	16.738	23,930	23,930
Passed through Florida Department of Community Affairs				
Emergency Management Planning - Performance Grant	12-FG-R3-03-73-01-130	97.042	37,956	18,518
Emergency Management Planning - Performance Grant	13-FG-86-03-73-01-130	97.042	42,943	35,416
Total CFDA 97.042			80,899	53,934
Emergency Management Planning - Planning, Training & Exercise	10-DS-39-03-73-01-267	97.067	9,500	9,500
Passed through the Federal Emergency Management Agency				
Assistance to Firefighters Grant	EMW-2011-FO-09171	97.044	49,214	49,214
Passed through the Florida Department of Agriculture				
Volunteer Fire Assistance Grant	VFA529	10.664	2,250	2,250
Total Expenditures of Federal Assistance			\$	408,125
State Grantor/Program Title				
Florida Department of Community Affairs				
Passed through Division of Emergency Management				
EMPA Base Grant	12-BG-05-03-73-01-063	52.008	\$ 105,806	\$ 47,370
EMPA Base Grant	13-BG-83-03-73-01-063	52.008	105,806	14,044
Total CSFA 52.008			211,612	61,414
Emergency Management Projects - Hazardous Planning & Prevention	11-CP-03-03-73-01-398	52.023	1,154	1,154
Florida Department of Health				
Emergency Medical Services Matching Grant	C0063	64.005	856	856
Emergency Medical Services Matching Grant	R1009	64.003	120,000	120,000
Florida Department of Environmental Protection				
Small County Consolidated Grant	231SC	37.012	70,588	70,588
Florida Department of Management Services				
E911 Rural County Grant Fall Program - E911 System Maintenance	11-10-16	72.001	33,281	33,281
E911 Rural County Grant Spring Program - E911 GIS Map Display	11-04-39	72.001	44,664	12,694
E911 Rural County Grant Spring Program - E911 GIS Map Generation	11-04-40	72.001	12,845	2,800
E911 Rural County Grant Fall Program - Supplemental ALI Database	11-12-51	72.001	25,000	25,000
E911 Rural County Grant Spring Program - E911 Maintenance	12-04-16	72.001	3,256	3,256
E911 Rural County Grant Spring Program - Map Maintenance	12-04-29	72.001	440	440
Total CSFA 72.001			119,486	77,471
Florida Department of State and Secretary of State				
State Aid to Libraries - Operating Grant	12-ST-40	45.030	75,865	50,582
Florida Housing Finance Agency				
State Housing Initiatives Partnership	2011/2012	52.901	350,000	282,490
Florida Department of Transportation				
Small County Road Assistance Program (SCRAP) - NE/SE 8th Avenue	428989-1-58-01	55.016	147,376	121,046
Small County Road Assistance Program (SCRAP) - CR-237	430726-1-58-01	55.016	736,800	29,050
Total CSFA 55.016			884,176	150,096
Transit Service Development Grant	43030119412	55.012	500,000	120,329
State Highway Project Reimbursement - Traffic Signal	2011/2012	55.023	3,039	3,039
Total Expenditures of State Financial Assistance			\$	938,019
Total Expenditures of Federal and State Financial Assistance			\$	1,346,144

Notes: Expenditures represent allowable costs, determined in accordance with generally accepted accounting principles. 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. The County did not provide awards to sub-recipients.

Other Information

**Schedule of Revenues, Expenditures and
Changes in Fund Balances
Budget and Actual - Solid Waste Management
For the Year Ended September 30, 2012
Union County, Florida**

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Licenses and Permits	\$ 280,000	\$ 280,000	\$ 284,949
Intergovernmental	395,588	395,588	395,588
Charges for Services	110,000	110,000	118,854
Miscellaneous Revenues	7,000	10,100	9,534
FS 129 Statutory Reduction	(19,850)	(19,850)	-
Total Revenues	772,738	775,838	808,925
Expenditures			
Current:			
Physical Environment	854,400	856,815	973,060
Debt Service:			
Principal	46,081	67,776	41,787
Interest	-	-	1,849
Total Expenditures	900,481	924,591	1,016,696
Excess of Revenues Over (Under) Expenditures	(127,743)	(148,753)	(207,771)
Other Financing Sources (Uses)			
Debt Proceeds	-	-	106,472
Transfers In	152,743	138,753	138,753
Transfers Out	(50,000)	(15,000)	(15,000)
Total Other Financing Sources (Uses)	102,743	123,753	230,225
Net Change in Fund Balances	(25,000)	(25,000)	22,454
Fund Balances-October 1, 2011	25,000	25,000	59,369
Fund Balances-September 30, 2012	\$ -	\$ -	\$ 81,823

Note to Budgetary Comparison Schedule:

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

**Schedule of Revenues, Expenditures and
Changes in Fund Balances
Budget and Actual – Five-Cent Gas Tax
For the Year Ended September 30, 2012
Union County, Florida**

	Budgeted Amounts		Actual
	Original	Final	
Revenues			
Taxes	\$ 409,336	\$ 409,336	\$ 359,516
Intergovernmental	147,376	147,376	121,046
Miscellaneous Revenues	100	130,100	130,065
FS 129 Statutory Reduction	(20,472)	(20,472)	-
Total Revenues	536,340	666,340	610,627
Expenditures			
Current:			
Transportation	197,070	327,070	150,096
Debt Service:			
Principal	89,270	89,270	196,205
Interest	-	-	2,173
Total Expenditures	286,340	416,340	348,474
Excess of Revenues Over (Under) Expenditures	250,000	250,000	262,153
Other Financing Sources (Uses)			
Transfers Out	(370,000)	(370,000)	(350,000)
Net Change in Fund Balances	(120,000)	(120,000)	(87,847)
Fund Balances-October 1, 2011	120,000	120,000	139,450
Fund Balances-September 30, 2012	\$ -	\$ -	\$ 51,603

Note to Budgetary Comparison Schedule:

The preparation, adoption and amendment of the budgets are governed by Florida Statutes. The fund is the legal level of control. Budgets are prepared on a basis that does not differ materially from generally accepted accounting principles (GAAP). Appropriations lapse at year-end.

**Schedule of Revenues, Expenditures and
Changes in Fund Balances
Budget and Actual - 911 Communications Account
For the Year Ended September 30, 2012
Union County, Florida**

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Intergovernmental	\$ 107,000	\$ 216,441	\$ 193,466
Miscellaneous Revenues	-	-	270
FS 129 Statutory Reduction	<u>(1,150)</u>	<u>(1,150)</u>	<u>-</u>
Total Revenues	105,850	215,291	193,736
Expenditures			
Current:			
Public Safety	<u>129,777</u>	<u>239,218</u>	<u>198,559</u>
Total Expenditures	<u>129,777</u>	<u>239,218</u>	<u>198,559</u>
Excess of Revenues Over (Under) Expenditures	(23,927)	(23,927)	(4,823)
Other Financing Sources (Uses)			
Transfers In	23,927	23,927	23,927
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>23,927</u>	<u>23,927</u>	<u>23,927</u>
Net Change in Fund Balances	-	-	19,104
Fund Balances -October 1, 2011	<u>-</u>	<u>-</u>	<u>56,347</u>
Fund Balances -September 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,451</u>

Note to Budgetary Comparison Schedule:

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

**Schedule of Revenues, Expenditures and
Changes in Fund Balances
Budget and Actual - County Law Enforcement
For the Year Ended September 30, 2012
Union County, Florida**

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Fines and Forfeitures	\$ 2,000	\$ 2,000	\$ 2,020
FS 129 Statutory Reduction	<u>(100)</u>	<u>(100)</u>	<u>-</u>
Total Revenues	1,900	1,900	2,020
Expenditures			
Current:			
Public Safety	<u>21,900</u>	<u>21,900</u>	<u>3,100</u>
Total Expenditures	<u>21,900</u>	<u>21,900</u>	<u>3,100</u>
Net Change in Fund Balances	(20,000)	(20,000)	(1,080)
Fund Balances-Ocotber 1, 2011	<u>20,000</u>	<u>20,000</u>	<u>20,207</u>
Fund Balances-September 30, 2012	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>19,127</u></u>

Note to Budgetary Comparison Schedule:

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

**Schedule of Revenues, Expenditures and
Changes in Fund Balances
Budget and Actual - Emergency Management
For the Year Ended September 30, 2012
Union County, Florida**

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Intergovernmental	\$ 144,916	\$ 162,043	\$ 284,004
Miscellaneous Revenues	-	-	102
Total Revenues	144,916	162,043	284,106
Expenditures			
Current:			
Public Safety	159,660	197,162	353,530
Debt Service:			
Principal	-	-	1,249
Interest	-	-	320
Total Expenditures	159,660	197,162	355,099
Excess of Revenues Over (Under) Expenditures	(14,744)	(35,119)	(70,993)
Other Financing Sources (Uses)			
Transfers In	14,744	-	-
Total Other Financing Sources (Uses)	14,744	-	-
Net Change in Fund Balances	-	(35,119)	(70,993)
Fund Balances -October 1, 2011		35,119	163,548
Fund Balances -September 30, 2012	\$ -	\$ -	\$ 92,555

Note to Budgetary Comparison Schedule:

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

**Schedule of Revenues, Expenditures and
Changes in Fund Balances
Budget and Actual - Public Library
For the Year Ended September 30, 2012
Union County, Florida**

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Taxes	\$ 110,000	\$ 110,000	\$ 107,463
Intergovernmental	90,462	75,865	75,865
Miscellaneous Revenues	23,150	23,150	18,539
FS 129 Statutory Reduction	<u>(6,658)</u>	<u>(6,658)</u>	<u>-</u>
Total Revenues	216,954	202,357	201,867
Expenditures			
Current:			
Culture and Recreation	<u>261,954</u>	<u>287,964</u>	<u>183,519</u>
Total Expenditures	<u>261,954</u>	<u>287,964</u>	<u>183,519</u>
Net Change in Fund Balances	(45,000)	(85,607)	18,348
Fund Balances -October 1, 2011	<u>45,000</u>	<u>85,607</u>	<u>85,606</u>
Fund Balances -September 30, 2012	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>103,954</u></u>

Note to Budgetary Comparison Schedule:

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

**Schedule of Revenues, Expenditures and
Changes in Fund Balances
Budget and Actual - Landfill Long-Term Care
For the Year Ended September 30, 2012
Union County, Florida**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	
Revenues			
Miscellaneous Revenues	\$ -	\$ -	\$ 40
Total Revenues	-	-	40
Expenditures			
Current:			
Physical Environment	45,000	50,345	49,372
Total Expenditures	45,000	50,345	49,372
Excess of Revenues Over (Under) Expenditures	(45,000)	(50,345)	(49,332)
Other Financing Sources (Uses)			
Transfers In	50,000	15,000	15,000
Total Other Financing Sources (Uses)	50,000	15,000	15,000
Net Change in Fund Balances	5,000	(35,345)	(34,332)
Fund Balances-October 1, 2011	95,000	103,700	103,784
Fund Balances-September 30, 2012	\$ 100,000	\$ 68,355	\$ 69,452

Note to Budgetary Comparison Schedule:

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

**Schedule of Revenues, Expenditures and
Changes in Fund Balances
Budget and Actual - Law Library & Court Facilities
For the Year Ended September 30, 2012
Union County, Florida**

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Charges for Services	\$ 2,500	\$ 2,500	\$ 2,358
Miscellaneous Revenues	-	-	(13)
FS 129 Statutory Reduction	(125)	(125)	-
Total Revenues	2,375	2,375	2,345
Expenditures			
Current:			
Court Related	2,475	2,475	2,377
Total Expenditures	2,475	2,475	2,377
Net Change in Fund Balances	(100)	(100)	(32)
Fund Balances -October 1, 2011	100	100	350
Fund Balances -September 30, 2012	\$ -	\$ -	\$ 318

Note to Budgetary Comparison Schedule:

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

**Schedule of Revenues, Expenditures and
Changes in Fund Balances
Budget and Actual - Sheriff's Surcharge
For the Year Ended September 30, 2012
Union County, Florida**

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Fines and Forfeitures	\$ 6,800	\$ 6,800	\$ 6,875
Miscellaneous Revenues	-	-	(62)
FS 129 Statutory Reduction	(340)	(340)	-
Total Revenues	6,460	6,460	6,813
Expenditures			
Current:			
Public Safety	43,460	43,460	3,325
Total Expenditures	43,460	43,460	3,325
Net Change in Fund Balances	(37,000)	(37,000)	3,488
Fund Balances -October 1, 2011	37,000	37,000	36,395
Fund Balances -September 30, 2012	\$ -	\$ -	\$ 39,883

Note to Budgetary Comparison Schedule:

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

**Additional Elements Required by the
Rules of the Auditor General**



Management Letter

The Honorable County Commissioners
Union County, Florida

We have audited the financial statements of Union County, Florida (the "County"), as of and for the fiscal year ended September 30, 2012, and have issued our report thereon dated June 14, 2013. We have also issued reports on internal control and on compliance and other matters which should be considered in conjunction with this management letter.

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. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

Prior Audit Findings

The Rules of the Auditor General require that we comment as to whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding audit. In that regard, prior year finding 11-03 is repeated in the accompanying Schedule of Findings and Questioned Costs as finding 12-01. Prior audit findings 11-01 and 11-02 have been corrected.

Financial Condition

As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.503, Florida Statutes, "Determination of Financial Emergency". In connection with our audit, we determined that the County has not met one or more of the conditions described in Section 218.503(1), Florida Statutes.

Also, as required by the Rules of the Auditor General, we applied financial condition assessment procedures, as of the end of the fiscal year, pursuant to Rule 10.556(7). It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by management. The application of such procedures did not reveal evidence of a "deteriorating financial condition" as that term is defined in Rule 10.554.

Annual Financial Report

As required by the Rules of the Auditor General, we determined that the annual financial report for the County for the fiscal year ended September, 30, 2012, filed with the Department of Financial Services pursuant to Section 218.32, Florida Statutes, is in substantial agreement with the audit report for the fiscal year ended September 30, 2012.

Investment of Public Funds

As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. Our audit disclosed no instances of noncompliance with the provision of Section 218.415, Florida Statutes.

Other Matters

Our audit did not reveal any other matters that we are required to include in this management letter.

As required by the Rules of the Auditor General, we performed separate audits of each of the County's constitutional officers. The comments included in those separately-issued reports should be considered in conjunction with this management letter.

This management letter is intended solely for the information and use of the County's management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of the audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

DDF CPA Group

June 14, 2013



Report on Internal Control over Financial Reporting and on Compliance and Other Matters

The Honorable County Commissioners
Union County, Florida

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Union County, as of and for the fiscal year ended September 30, 2012, which collectively comprise Union County's basic financial statements and have issued our report thereon dated June 14, 2013. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and significant deficiencies.

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. We consider finding 12-07 described in the accompanying Schedule of findings and Questioned Costs to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 12-01 and 12-04 described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as findings 12-02, 12-03, 12-05, 12-06 and 12-08.

We also noted certain matters that we reported in separately issued reports for the County's constitutional officers.

The County's response to the findings identified in our audit is described in the accompanying letter of response. We did not audit the County's letter of response and, accordingly, we express no opinion on it.

Communication with Those Charged with Governance

Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects. Our audit of the financial statements does not relieve you of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used are described in Note 1 to the financial statements. During the year, there were no new accounting policies adopted and the application of existing policies was not changed during the year. We noted no transactions entered into during the year for which there is a lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Sensitive disclosures effecting the financial statements were management's estimate for allowance for uncollectible accounts, current portion of compensated absences long-term debt and capital asset useful lives.

The disclosures in the financial statements are neutral, consistent and clear. There are no particularly sensitive disclosures significantly affecting the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known or likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Misstatements were corrected by audit adjustments and have been provided to management for posting to the County's books.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting or audit matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 14, 2013.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This report is intended solely for the information and use of the County's management and appropriate audit agencies, and is not intended to be and should not be used by anyone other than these specified parties.

DDF CPA Group

June 14, 2013



**Report on Compliance with Requirements That Could Have a
Direct and Material Effect on each State Project and on Internal Control over
Compliance in Accordance with the State Projects Compliance Supplement
and Chapter 10.550, Rules of the Auditor General**

The Honorable County Commissioners
Union County, Florida

Compliance

We have audited Union County's compliance with the types of compliance requirements described in the requirements described in the *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, 2012. The County's major state projects are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state projects is the responsibility of Union County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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, the *State Projects Compliance Supplement*, and Chapter 10.550, Rules of the Auditor General. Those standards, the *State Projects Compliance Supplement* 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. Our audit does not provide a legal determination on Union County's compliance with those requirements.

In our opinion, Union County complied, in all material respects, with the 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, 2012. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with Chapter 10.550, Rules of the Auditor General, and which is described in the accompanying Schedule of Findings and Questioned Costs as item 12-09.

Internal Control Over Compliance

The management of Union County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state projects. In planning and performing our audit, we considered Union County's internal control over compliance with requirements that could have a direct and material effect on a major state project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the *State Projects Compliance Supplement* and 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as finding 12-09. A significant deficiency in internal control over compliance, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state project is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The County's response to the finding identified in our audit is described in the accompanying letter of response. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the County and its management and oversight agencies, and is not intended to be and should not be used by anyone other than these specified parties.

DDF CPA Group

June 14, 2013

**Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2012
Union County, Florida**

PART I - SUMMARY OF AUDITORS' RESULTS

- The independent auditors' report on the basic financial statements expressed a qualified opinion.
- Significant deficiencies and material weaknesses in internal controls disclosed during the audit of the financial statements are reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters.
- Instances of noncompliance over certain provisions of laws and regulations disclosed during the audit are reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters.
- The audit disclosed one significant deficiency in internal control over compliance for a state project.
- The report on compliance with requirements applicable to state projects expressed an unqualified opinion.
- Our audit disclosed one finding required to be reported relative to federal programs and state projects.
- The threshold for distinguishing Type A and Type B projects was \$281,406 for major state projects.
- The projects tested as major state projects included the following:

	CFSA#
State Housing Initiatives Partnership	52.901
Emergency Medical Services Matching Grant	64.003
Transit Service Development Grant	55.012

- The County does not qualify as a low risk auditee as the term is defined by OMB Circular A-133.

**Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2012
Union County, Florida
(Continued)**

PART II - FINANCIAL STATEMENT FINDINGS

12-01 – Internal Controls over Fuel Inventory

Type of Finding: Significant Deficiency in Internal Control

Condition: Controls over in-house fuel usage are insufficient to ensure proper reporting of inventory balances. Attempts to reconcile the physical fuel inventory to the perpetual fuel inventory results in unexplainable discrepancies. In fact, reconciliation attempts have resulted in ending balances being greater than the capacity of the fuel tanks. As a result, tax returns for refund of state fuel taxes could not be completed, resulting in loss of revenue for the County. This finding is repeated from the 2011 audit.

Recommendation: It may be necessary for the County to reconsider its options for maintaining a fuel inventory.

12-02 – Budget Amendments

Type of Finding: Compliance

Condition: Budgets may be amended for unanticipated receipts, such as debt proceeds or grants. Florida Statutes 129.06 and 129.07 govern the execution and amendment of the budget and stipulate that it is unlawful to expend in any fiscal year more than the amount budgeted in each fund's budget. During the year, the Transportation Trust Fund, Solid Waste Fund and Emergency Management Fund each incurred unanticipated revenue in the form of debt proceeds or grants that required a budget amendment in order to expend those funds; however, no budget amendments were done.

Recommendation: Budget versus actual expenditure reports should be reviewed on a monthly basis to serve as an indicator of additional funding received that was not in the original budget.

12-03 – Physical Inventory of Property

Type of Finding: Compliance

Condition: Pursuant to 69I-73.006, F.A.C., each governmental unit shall ensure that a complete physical inventory of all property is taken annually. The Board of County Commissioners has the responsibility of recording all property with a value or cost of \$1,000 or more and projected useful life of 1 year or more in the local government's financial system. While the County is maintaining current year additions, a physical inventory was not performed for the year under audit.

Recommendation: We suggest that a physical inventory of property be taken every fiscal year to comply with the Florida Administrative Code.

**Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2012
Union County, Florida
(Continued)**

PART II - FINANCIAL STATEMENT FINDINGS (continued)

12-04 – Financial Statement Preparation

Type of Finding: Significant Deficiency in Internal Control

Condition: For the year ended September 30, 2012, the County relied upon the external independent audit firm to prepare financial statements compliant with U.S. generally accepted accounting principles promulgated by the Governmental Accounting Standards Board.

Recommendation: We suggest that the costs of resources to produce internally prepared U.S. GAAP financial statements be researched and considered.

12-05 – Budget Transparency

Type of Finding: Compliance

Condition: Effective October 1, 2011, Florida Statute 129.03(3)(c) was amended to require Counties to post tentative and final budgets on the County's official website to promote transparency. Research revealed that the County's main website appears to be the Clerk's website which had the 2009-10 budgets posted, however the 2011-12 budget could not be found.

Recommendation: We recommend that the County post the tentative budget, final budget and related amendments made during the year on the County's official website to comply with Florida Statutes.

12-06 – Pledged Collateral

Type of Finding: Compliance

Condition: The County entered into a loan agreement with Kansas Bank for the purchase of a roll-off truck. The financing agreement granted a security interest in the truck which is unlawful under the State Constitution. Counties are allowed to pledge non-ad valorem tax revenue to secure an asset, but not the asset itself.

Recommendation: We suggest that all future loan agreements pledge non-ad valorem revenue sources as collateral rather than a security interest in County's equipment or assets.

**Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2012
Union County, Florida
(Continued)**

PART II - FINANCIAL STATEMENT FINDINGS (concluded)

12-07 – EMS Accounts Receivable

Type of Finding: Material Weakness in Internal Control

Condition: The County utilizes an independent third party consulting company to assist in the billing and collection of emergency medical services provided to citizens. The consulting company provides monthly detailed statements showing billing and collection detail and ending balances still to be collected. Reconciliation of the third party detailed statement to the County's accounts receivable subsidiary and general ledger are not being performed in a timely or accurate manner.

Recommendation: Billing statements from the third party consulting company should be reconciled to the County's accounts receivable subsidiary ledger and general ledger each month.

12-08 – Contract with Health Department

Type of Finding: Compliance

Condition: A review of the annual contract between the County and the State of Florida Department of Health states that the County's contribution for such services is not to exceed \$25,000; however, amounts budgeted and paid have been greater than \$25,000.

Recommendation: We recommend that the County comply with the Health Department contract.

**Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2012
Union County, Florida
(Concluded)**

**PART III-FINDINGS AND QUESTIONED COSTS-FEDERAL PROGRAMS AND
STATE PROJECTS**

12-09 – Emergency Management Grants

Condition: The County's Emergency Management Department was the recipient of an EMPG federal grant and EMPA state grant to assist in the funding of emergency management activities. Portions of claimed grant expenditures were for the Emergency Management Director's salary and benefits. Due to the nature and size of the County, the EMG Director performs dual roles as the 911 Director as well. Inquiries with the Director and County staff revealed that job functions, although overlapping at times, were split 50/50. Therefore, we question the claiming of 100% of the Director's wages and benefits to emergency management grant awards.

<u>Questioned Costs:</u>	CFDA 97.067 EMPG Grant	Approximately \$11,200
	CFSA 52.008 EMPA Grant	Approximately \$27,800

Recommendation: We recommend that any future grant expenditures for Emergency Management Director's wages and benefits be limited to the percent of job functions performed as the EMG Director.

**Summary Schedule of Prior Audit Findings
For the Year Ended September 30, 2012
Union County, Florida**

11-01 - Improper Reporting of Overtime Hours

Type of Finding: Compliance

Condition: The Federal Fair Labor Standards Acts is very specific in its definition of hours worked and it does not include vacation and sick hours for purposes of calculating overtime. During our review of personal services expenditures, we noted that at least one employee was reporting vacation and sick hours taken as actual hours worked. Consequently, overtime hours at 1.5 times the regular rate of pay was paid in error.

Current Status: Corrective action was taken immediately on the computation of overtime hours. We consider this finding to be fully resolved.

11-02 - Policy for Calculation of Overtime

Type of Finding: Significant Deficiency in Internal Control

Condition: Instances were noted where employees are being paid for payroll hours in excess of 40 per week (at the regular rate of pay) when vacation and sick leave hours taken cause total hours to exceed 40 per week. It is our understanding that the budget does not include funding for payment of payroll hours over 40 hours per week and hours worked in excess of 40 should reduce vacation and sick hours taken. The personnel policies do not address how payroll should be calculated when this situation occurs.

Current Status: Meetings were held with department heads to clarify the policy regarding overtime. We consider this finding to be fully resolved.

11-03 – Internal Controls over Fuel Inventory

Type of Finding-Significant Deficiency in Internal Control

Condition: Internal controls have been established for tracking of fuel gallons purchased, used and held in inventory; however such procedures were not being followed. Consequently, amounts reported in inventory at year-end were more gallons than the tanks actually hold. Due to these discrepancies, the County was not able to submit Quarterly Returns for Fuel Tax Refunds for the period ended September 30, 2011 and thereafter.

Current Status: This matter continues to be an issue and it is repeated as Finding 12-01 in the accompanying Schedule of Findings and Questioned Costs.

UNION COUNTY BOARD OF COUNTY COMMISSION

15 NORTHEAST 1ST STREET • LAKE BUTLER, FL • 32054

PHONE: 386-496-4241 • FAX: 386-496-4810

UCBOCC@WINDSTREAM.NET

June 14, 2013

David W. Martin, CPA
Auditor General's Office
111 West Madison Street
Tallahassee, FL 32399-1450

Dear Mr. Martin:

This letter is in response to the recent audit finding of the Union County Board of County Commission for the fiscal year ended September 30, 2012 that was conducted by DDF CPA Group.

12-01 Internal Controls over Fuel Inventory

We have gathered information to use a new fuel control system, and will be presenting a proposal to the Board for approval before the end of the current fiscal year.

12-02 Budget Amendments

New management has procedures in place to more closely monitor spending compared to budgets on a monthly basis.

12-03 Physical Inventory of Property

We have arranged to conduct a physical inventory before the end of the current fiscal year.

12-04 Financial Statement Preparation

We have hired staff with the ability to prepare financial statements compliant with U.S. generally accepted accounting principles promulgated by the Governmental Accounting Standards Board.

12-05 Budget Transparency

We are implementing changes to update the County's website to include the current year's budget, to be in compliance with Florida Statute 129.03(3)(c).

12-06 Pledged Collateral

Changes are being implemented to more closely monitor long-term debt agreements to ensure that they are in compliance with state statutes.

12-07 EMS Accounts Receivable

The third party consulting company experienced major staff changes, and was not getting information to staff on a timely basis. We have discussed this with the company, and they have resolved the problems. In the future, we will reconcile Accounts Receivable on a monthly basis.

12-08 Contract with Health Department

We will review and update the contract, and will ensure that it is followed.

Sincerely,



James A. Tallman, Chairman
Union County Board of County Commission



Kellie Hendricks Connell, CPA
Clerk of Courts & Comptroller

BOARD MEMBERS:

KAREN COSSEY, District 1 • MORRIS DOBBS, District 2 • JIMMY TALLMAN, District 3 • M. WAYNE SMITH, District 4 • WILLIE CROFT, District 5 CHAIRMAN

KELLIE HENDRICKS CONNELL
Clerk of Court

RUSSELL WADE
County Attorney

**Special Purpose Financial Statements
and
Independent Auditors' Report
Union County Clerk of the Circuit Court
September 30, 2012**

**Special Purpose Financial Statements
and
Independent Auditors' Report
Union County Clerk of the Circuit Court
September 30, 2012**

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Independent Auditors' Report

The Honorable Regina Parrish
Clerk of the Circuit Court
Union County, Florida

We have audited the accompanying special purpose financial statements of the Union County Clerk of the Circuit Court, (the "Office") as of and for the year ended September 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the management of the Office. Our responsibility is to express an opinion on these special purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, the accompanying financial statements have been prepared for the purpose of complying with the Rules of the Auditor General of the State of Florida. They include only the financial activity of the Office, which is an integral part of Union County, Florida, the primary government for financial reporting purposes.

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of the major fund and the aggregate remaining fund information of the Office at September 30, 2012, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 6, 2013 on our consideration of the Office's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information 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 the 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 assurance.

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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Union County Clerk of Circuit Court's financial statements as a whole. The Combining Statement of Fiduciary Net Assets is presented for purposes of additional analysis and is not a required part of the financial statements. This combining schedule is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

DDF CPA Group

June 6, 2013

Balance Sheet
Governmental Funds
September 30, 2012
Union County Clerk of the Circuit Court

	<u>General Fund</u>	<u>Records Modernization</u>	<u>Total Governmental Funds</u>
Assets			
Cash and Equivalents	\$ 190,155	\$ 57,205	\$ 247,360
Due From Other Funds	20,057	999	21,056
Due From Other Governments	<u>22,763</u>	<u>-</u>	<u>22,763</u>
Total Assets	<u>\$ 232,975</u>	<u>\$ 58,204</u>	<u>\$ 291,179</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable and Accrued Expenses	\$ 9,555	\$ -	\$ 9,555
Due to Other Governments	<u>15,491</u>	<u>-</u>	<u>15,491</u>
Total Liabilities	25,046	-	25,046
Fund Balances			
Restricted	<u>207,929</u>	<u>58,204</u>	<u>266,133</u>
Total Fund Balances	<u>207,929</u>	<u>58,204</u>	<u>266,133</u>
Total Liabilities and Fund Balances	<u>\$ 232,975</u>	<u>\$ 58,204</u>	<u>\$ 291,179</u>

The notes to financial statements are integral to this statement.

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2012
Union County Clerk of the Circuit Court

	General Fund	Records Modernization	Total Governmental Funds
Revenues:			
Intergovernmental Revenue	\$ 513,705	\$ -	\$ 513,705
Charges for Services	30,694	10,543	41,237
Fines and Forfeitures	-	3,567	3,567
Miscellaneous Revenue	-	(583)	(583)
Total Revenues	544,399	13,527	557,926
Expenditures:			
Current:			
General Government	247,137	-	247,137
Court Related	539,947	13,757	553,704
Total Expenditures	787,084	13,757	800,841
Excess Revenues Over (Under) Expenditures	(242,685)	(230)	(242,915)
Other Financing Sources (Uses)			
Appropriation from Board of County Commissioners	275,000	-	275,000
Reversion of Excess Revenue to Department of Revenue	(9,635)	-	(9,635)
Reversion to Board of County Commissioners	(15,491)	-	(15,491)
Total Other Financing Sources (Uses)	249,874	-	249,874
Net Change in Fund Balance	7,189	(230)	6,959
Fund Balances-October 1, 2011	200,740	58,434	259,174
Fund Balances-September 30, 2012	\$ 207,929	\$ 58,204	\$ 266,133

The notes to financial statements are integral to this statement.

Statement of Fiduciary Net Assets
Agency Funds
September 30, 2012
Union County Clerk of the Circuit Court

	<u>Agency Funds</u>
Assets	
Cash and Equivalents	\$ 170,407
Receivables	3,427
Due From Other Funds	49,032
Due From Other Governments	<u>2,339</u>
Total Assets	225,205
Liabilities	
Assets Held for Others	136,062
Due to Other Funds	70,088
Due to Other Governments	<u>19,055</u>
Total Liabilities	<u>225,205</u>
Net Assets	\$ <u><u>-</u></u>

The notes to financial statements are integral to this statement.

**Notes to Financial Statements
September 30, 2012
Union County Clerk of the Circuit Court**

Note 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. The following is a summary of the more significant policies.

Reporting Entity

The 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 of the Circuit Court, 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.

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.

Fund Accounting

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

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

Records Modernization Fund - The Records Modernization Fund is used to account for fees charged pursuant to Sections 28.24 and 28.37, Florida Statutes, and related expenditures to modernize the Public Records storage and retrieval system of the County.

Additionally, the Clerk of the Circuit Court reports the following fiduciary funds:

Agency Funds – 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 Funds are the General Agency Fund, Fines and Forfeiture Fund, Domestic Relations Fund and Registry of Court Fund.

Notes to Financial Statements
September 30, 2012
Union County Clerk of the Circuit Court
(Continued)

Note 1 - Summary of Significant Accounting Policies (continued)

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.

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.

Agency fund assets and liabilities are accounted for on the modified accrual basis of accounting.

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 on the financial statements of the county.

Cash

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

Accounts Payable

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

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 these estimates.

**Notes to Financial Statements
September 30, 2012
Union County Clerk of the Circuit Court
(Continued)**

Note 1 - Summary of Significant Accounting Policies (concluded)

Fund Balance

Beginning with fiscal year 2011, the Office implemented GASB 54, "Fund Balance Reporting and Governmental Fund Type Definitions". This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. At September 30, 2012, fund balances are classified as follows:

Restricted – amounts constrained to specific purposes by their providers (such as grantors and higher levels of government), through constitutional provisions or by enabling legislation. For the Office, ending fund balance in the general fund is comprised of IV-D grant reimbursements and unspent Justice Administration Commission appropriations that are restricted to meet general and court related operational expenditures respectively. Records Modernization fund balance is restricted to be used exclusively for additional clerk and court related operational needs and program enhancements.

Compensated Absences

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

Note 2 - 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 had 100 percent of excess deposits in a checking account with one local financial institution.

Note 3 - Changes in Long-Term Debt

A summary of changes in long-term debt follows:

	<u>Balance 10/01/11</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 09/30/12</u>	<u>Amount Due Within a Year</u>
Compensated Absences	\$ 47,675	\$ 14,723	\$ -	\$ 62,398	\$ 20,799

Notes to Financial Statements
September 30, 2012
Union County Clerk of the Circuit Court
(Continued)

Note 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.

Note 5 - Pension Plan

Plan Description. The Office contributes to the Florida Retirement System ("System"), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida, Department of Management Services, Division of Retirement. The System provides retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Florida Retirement System, PO Box 9000, Tallahassee, Florida 32315-9000, or by calling (850) 488-6491.

Funding Policy. The Office and plan members are required to contribute at an actuarially determined rate. Employer contribution rates of the Office are applicable to wages earned, as follows:

	<u>10/1/11-6/30/12</u>	<u>7/1/12-9/30/12</u>
Regular Employees	4.91%	5.18%
DROP Employees	4.42%	5.44%
Special Risk Employees	14.10%	14.90%
Senior Management Employees	6.27%	6.30%
Elected Officials	11.14%	10.23%

Employee contribution rates are 3% of applicable wages earned. The contribution requirements of plan members and the Office are established and may be amended by the Florida Legislature. The Office's contributions to the System for the years ended September 30, 2012, 2011, and 2010 were \$20,989, \$43,324 and \$46,680, respectively, and are equal to the required contributions for each year.

Notes to Financial Statements
September 30, 2012
Union County Clerk of the Circuit Court
(Concluded)

Note 6 - Interfund Balances

The general operating fund pays for the costs and receives all of the monies related to the domestic relations enhancement grant. An interfund payable and receivable in the amount of \$70,088 was recorded as of September 30, 2012.

At September 30, 2012, interfund balances consisted of:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 20,057	\$ -
Special Revenue Funds:		
Records Modernization	999	-
Agency Funds:		
General Agency	-	69,849
Registry of Court	49,032	-
Fines and Forfeiture	-	239
	<u> </u>	<u> </u>
Total	<u>\$ 70,088</u>	<u>\$ 70,088</u>

Required Supplementary Information

**Schedule of Revenues, Expenditures and
Changes in Fund Balances - General Fund
Budget and Actual
For the Year Ended September 30, 2012
Union County Clerk of the Circuit Court**

	Budgeted Amounts		
	Original	Final	Actual
Revenues:			
Intergovernmental	\$ 526,073	\$ 526,073	\$ 513,705
Charges for Services	30,694	30,694	30,694
Total Revenues	556,767	556,767	544,399
Expenditures			
Current:			
General Government Services	247,413	247,413	247,137
Court Related	553,305	553,305	539,947
Total Expenditures	800,718	800,718	787,084
Excess Revenues Over (Under) Expenditures	(243,951)	(243,951)	(242,685)
Other Financing Sources (Uses)			
Appropriations From Board of County Commissioners	275,000	275,000	275,000
Reversion of Excess Revenue to Department of Revenue	-	-	(9,635)
Reversion to Board of County Commissioners	(11,492)	(11,492)	(15,491)
Total Other Financing Sources (Uses)	263,508	263,508	249,874
Net Change in Fund Balances	19,557	19,557	7,189
Fund Balance - October 1, 2011	197,740	197,740	200,740
Fund Balance - September 30, 2012	\$ 217,297	\$ 217,297	\$ 207,929

Notes to Schedule:

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

**Schedule of Revenues, Expenditures and Changes in
Fund Balances - Records Modernization Fund
Budget and Actual
For the Year Ended September 30, 2012
Union County Clerk of the Circuit Court**

	Budgeted Amounts		
	Original	Final	Actual
Revenues:			
Charges for Services	\$ 10,543	\$ 10,543	\$ 10,543
Fines and Forfeitures	3,567	3,567	3,567
Miscellaneous Income	(583)	(583)	(583)
Total Revenues	13,527	13,527	13,527
Expenditures			
Current:			
Court Related	13,757	13,757	13,757
Total Expenditures	13,757	13,757	13,757
Excess Revenues Over (Under) Expenditures	(230)	(230)	(230)
Fund Balance - October 1, 2011	58,434	58,434	58,434
Fund Balance - September 30, 2012	\$ 58,204	\$ 58,204	\$ 58,204

Notes to Schedule:

The preparation, adoption and amendment of the budgets are governed by Florida Statutes. The fund is the legal level of control. Budgets are prepared on a basis that does not differ materially from generally accepted accounting principles (GAAP). Appropriations lapse at year-end.

Supplemental Information

Combining Statement of Fiduciary Net Assets
Agency Funds
September 30, 2012
Union County Clerk of the Circuit Court

	<u>General Agency Fund</u>	<u>Fines and Forfeiture Fund</u>	<u>Domestic Relations Fund</u>	<u>Registry of Court Fund</u>	<u>Total Agency Funds</u>
Assets					
Cash and Equivalents	\$ 88,553	\$ 9,546	\$ 1,475	\$ 70,833	\$ 170,407
Receivables	294	2,908	225	-	3,427
Due From Other Funds	-	-	-	49,032	49,032
Due From Other Governments	-	2,339	-	-	2,339
	88,847	14,793	1,700	119,865	225,205
Total Assets	88,847	14,793	1,700	119,865	225,205
Liabilities					
Assets Held for Others	2,679	11,818	1,700	119,865	136,062
Due To Other Funds	69,849	239	-	-	70,088
Due To Other Governments	16,319	2,736	-	-	19,055
	88,847	14,793	1,700	119,865	225,205
Total Liabilities	88,847	14,793	1,700	119,865	225,205
Net Assets	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

**Additional Elements Required by the
Rules of the Auditor General**



Management Letter

The Honorable Regina Parrish
Clerk of the Circuit Court
Union County, Florida

We have audited the financial statements of the Union County Clerk of the Circuit Court, as of and for the fiscal year ended September 30, 2012, and have issued our report thereon dated June 6, 2013.

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. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

Prior Audit Findings

The Rules of the Auditor General require that we comment as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding audit. In that regard, there were no prior year findings.

Investment of Public Funds

As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. Our audit did not reveal any noncompliance with the provisions of Section 218.415, Florida Statutes.

Florida Clerks of Court Corporation

The Rules of the Auditor General require that statements be included in the management letter as to whether the Office complied with the budget certified by the Florida Clerks of Court Operations Corporation (the "Corporation") and with the performance standards developed and certified pursuant to Section 28.35 and 28.36, Florida Statutes. Our audit of the financial statements disclosed no reportable instances of noncompliance with the budget certified by the Corporation pursuant to Section 28.35, Florida Statutes, and no reportable instances of noncompliance with the performance standards developed and certified pursuant to Section 28.36, Florida Statutes.

Other Matters

Our audit did not reveal any other matters that we are required to include in this management letter.

The management letter is intended solely for the information and use of the Union County Clerk of the Circuit Court management and the State of Florida Office of the Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of the audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

DDF CPA Group

June 6, 2013



**Report on Internal Control
over Financial Reporting and on
Compliance and Other Matters/Communication
With Those Charged with Governance**

The Honorable Regina Parrish
Clerk of the Circuit Court
Union County, Florida

We have audited the special purpose financial statements of the Office of the Union County Clerk of Circuit Court as of and for the year ended September 30, 2012, and have issued our report thereon, dated June 6, 2013. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Union County Clerk of Circuit Court's internal control over financial reporting as a basis for designing our auditing procedures 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 Union County Clerk of Circuit Court's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Union County Clerk of Circuit Court's internal control over financial reporting.

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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify one deficiency in internal control, described in the accompanying Schedule of Findings as item 12-02 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Union County Clerk of Circuit Court's special purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings as item 12-01.

Communication with Those Charged with Governance

Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as prescribed by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects. Our audit of the financial statements does not relieve you of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used are described in Note 1 to the financial statements. We noted no transactions entered into during the year for which there is a lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about the past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no estimates affecting the financial statements.

The disclosures in the financial statements are neutral, consistent and clear. Certain financial statement disclosures are particularly sensitive because of their significance to the financial statement users. There are no particularly sensitive disclosures significantly affecting the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known or likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no misstatements noted during the audit.

Disagreements With Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting or audit matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 6, 2013.

This report is intended solely for the information and use of the Union County Clerk of Circuit Court management and the State of Florida Office of the Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

DDF CPA Group

June 6, 2013

**Schedule of Findings
September 30, 2012
Union County Clerk of the Circuit Court**

12-01 Employee Bonuses

Type of Finding: Compliance

Condition – A recent law change to Florida Statute 215.425 stipulates that bonuses paid to employees must be paid from nontax revenues and nonstate-appropriated funds and should be based on work performance. Employee bonuses were paid from Board of County Commissioner appropriations; however it is not determinable from which BCC revenue source. Furthermore we noted that work performance evaluations of the Clerk's staff resulted in different ratings, however all employees received equal bonus payments.

Recommendation – We recommend adherence to Florida Statute 215.425.

12-02 Payroll Controls

Type of Finding: Significant Deficiency in Internal Control

Condition – We noted the following during the course of our audit:

- Overstatement of year-end comp time balances, which were subsequently paid
- Employees are not aware of their individual comp time balances
- Employees did not sign off on manual overrides to the time clock system
- Employees did not sign off on their time reported by the time clock system
- Employees were not aware of Employee Policy Manual revisions, effective 10/1/2011

Recommendation – To improve internal control over payroll, we recommend that compensatory time balances be tracked in the payroll accounting software and that the balances be printed on employee paycheck stubs. Additionally, we recommend that employees sign off on their time reported by the time clock system each pay period.



Kellie Hendricks Connell, CPA

CLERK OF CIRCUIT COURT
UNION COUNTY

June 7, 2013

David W. Martin, CPA
Auditor General's Office
111 West Madison Street
Tallahassee, Florida 32399-1450

Mr. Martin:

This letter is in response to the recent audit finding of the Union County Clerk of the Circuit Court for the fiscal year ended September 30, 2012 that was conducted by DDF CPA Group.

12-01 Employee Bonuses

Bonuses were paid under a prior administration. In the future, I will familiarize myself with Florida Statute 215.425 and make certain that all compensation paid to employees follows such statute.

12-02 Payroll Controls

Internal Controls were applied under a prior administration. Upon assuming office, Internal Controls were implemented to correct any deficiencies and are in agreement with the auditor's recommendations.

Sincerely,

Kellie Hendricks Connell, CPA
Union County Clerk of Courts & Comptroller

**Special Purpose Financial Statements
and
Independent Auditors' Report**

Union County Sheriff

September 30, 2012

**Special Purpose Financial Statements
And
Independent Auditors' Report**

Union County Sheriff

September 30, 2012

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Independent Auditors' Report

The Honorable Jerry Whitehead
Sheriff
Union County, Florida

We have audited the accompanying special purpose financial statements of the Union County Sheriff, (the "Office") as of and for the year ended September 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the management of the Office. Our responsibility is to express an opinion on these special purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1 to the financial statements, the accompanying financial statements have been prepared for the purpose of complying with the Rules of the Auditor General of the State of Florida. They include only the financial activity of the Office, which is an integral part of Union County, Florida, the primary government for financial reporting purposes.

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of the major fund and the aggregate remaining fund information of the Office at September 30, 2012, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 6, 2013 on our consideration of the Office's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information 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 the financial reporting for placing the basic financial statements in an appropriate operational 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 assurance.

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Union County, Florida

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Union County Sheriff's special purpose financial statements as a whole. The Combining Statement of Fiduciary Net Assets is presented for purposes of additional analysis and is not a required part of the special purpose financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the special purpose financial statements. The information has been subjected to the auditing procedures applied in the audit of the special purpose financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special purpose financial statements or to the special purpose 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 special purpose financial statements as a whole.

DDF CPA Group

June 6, 2013

**Balance Sheet
Governmental Funds
September 30, 2012
Union County Sheriff**

	<u>General Fund</u>	<u>Special Revenue Inmate Welfare Fund</u>	<u>Total Governmental Funds</u>
Assets			
Cash and Equivalents	\$ 136,978	\$ 32,328	\$ 169,306
	<u> </u>	<u> </u>	<u> </u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable and Accrued Expenses	\$ 135,276	\$ -	\$ 135,276
Due to Other Governments	<u>1,702</u>	<u>-</u>	<u>1,702</u>
Total Liabilities	136,978	-	136,978
Fund Balances			
Restricted	-	32,328	32,328
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>-</u>	<u>32,328</u>	<u>32,328</u>
Total Liabilities and Fund Balances	\$ <u>136,978</u>	\$ <u>32,328</u>	\$ <u>169,306</u>

The notes to financial statements are integral to this statement.

**Statement of Revenues, Expenditures and
Changes in Fund Balances – Governmental Funds
For the Year Ended September 30, 2012
Union County Sheriff**

	<u>General Fund</u>	<u>Special Revenue Inmate Welfare Fund</u>	<u>Total Governmental Funds</u>
Revenues			
Charges for Services	\$ -	\$ 2,110	\$ 2,110
Expenditures			
Current:			
General Government	21,442	-	21,442
Public Safety	1,762,431	885	1,763,316
Total Expenditures	<u>1,783,873</u>	<u>885</u>	<u>1,784,758</u>
Excess Revenues Over (Under) Expenditures	(1,783,873)	1,225	(1,782,648)
Other Financing Sources (Uses)			
Appropriations from Board of County Commissioners	1,785,575	-	1,785,575
Reversion to Board of County Commissioners	<u>(1,702)</u>	<u>-</u>	<u>(1,702)</u>
Total Other Financing Sources (Uses)	<u>1,783,873</u>	<u>-</u>	<u>1,783,873</u>
Net Change in Fund Balances	-	1,225	1,225
Fund Balances - October 1, 2011	<u>-</u>	<u>31,103</u>	<u>31,103</u>
Fund Balances - September 30, 2012	<u>\$ -</u>	<u>\$ 32,328</u>	<u>\$ 32,328</u>

The notes to financial statements are integral to this statement.

**Statement of Fiduciary Net Assets
September 30, 2012
Union County Sheriff**

	<u>Agency Fund</u>
Assets	
Cash and Equivalents	\$ 8,545
Liabilities	
Assets Held For Others	2,851
Due to Other Governments	<u>5,694</u>
Total Liabilities	<u>8,545</u>
Net Assets	\$ <u><u>-</u></u>

The notes to financial statements are integral to this statement.

**Notes to Financial Statements
September 30, 2012
Union County Sheriff**

Note 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. The following is a summary of the more significant policies.

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 primary government for financial reporting purposes.

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, reconciliations to the government-wide financial statements or a management's discussion and analysis.

Fund Accounting

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

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

Governmental Funds

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

Special Revenue Fund - The Special Revenue Fund is used to account for the inmate welfare funds that are generated by phone commissions. The profits can only be spent for the benefit of the inmates.

Additionally, the Sheriff reports the following fund type:

Fiduciary Funds

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

**Notes to Financial Statements
September 30, 2012
Union County Sheriff
(Continued)**

Note 1 - Summary of Significant Accounting Policies (continued)

Measurement Focus/Basis of Accounting

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

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.

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.

Cash

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

Capital Assets and Long-Term Liabilities

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

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

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

	<u>Years</u>
Vehicles	3-7
Building and Improvements	20
Computer software	5-10
Machinery and Equipment	3-10

**Notes to Financial Statements
September 30, 2012
Union County Sheriff
(Continued)**

Note 1 - Summary of Significant Accounting Policies (concluded)

Accounts Payable

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

Fund Balance

Beginning with fiscal year 2011, the Office implemented GASB 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. At September 30, 2012, fund balances of the governmental funds are classified as follows:

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

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

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.

Compensated Absences

The Office follows generally accepted accounting principles in accounting for accrued compensated absences. The Office allows limited vesting of unused employee leave time for full-time employees. Employees are allowed to accumulate a maximum of 320 hours of annual leave. In addition, any employee with ten years of full-time creditable service is entitled to be paid for 25% of his or her accrued sick leave, up to a maximum of 960 hours, upon separation from employment. Since the annual and sick leave liability is considered long-term, it is recorded in the government wide financial statements of the County. In the past, compensated absences have been paid out of the General Fund of the Office and this practice is expected to continue in the future. 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.

Note 2 - 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 had 100 percent of excess deposits in a checking account with one local financial institution.

Notes to Financial Statements
September 30, 2012
Union County Sheriff
(Continued)

Note 3 - Deferred Compensation Plan

The Office offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all of the Office's employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. During the fiscal year, employees contributed \$26,117 into the deferred compensation plan. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plan, and all income attributable to those amounts, all property and rights are (until paid or made available to the employee or other beneficiary) exclusively held for employees.

Note 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.

Note 5 - Changes in Capital Assets

A summary of changes in capital assets follows:

	Balance 10/1/11	Increases	Decreases	Balance 9/30/12
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 964,408	\$ 71,939	\$ 40,078	\$ 996,269
Building and Improvements	22,317	-	-	22,317
Vehicles	796,638	83,230	70,036	809,832
Computer Software	103,475	-	-	103,475
Total Capital Assets Being Depreciated	1,886,838	155,169	110,114	1,931,893
Less Accumulated Depreciation For:				
Machinery and Equipment	367,920	158,655	38,482	488,093
Building and Improvements	-	1,116	-	1,116
Vehicles	561,438	80,046	70,036	571,448
Computer Software	76,432	-	-	76,432
Total Accumulated Depreciation	1,005,790	239,817	108,518	1,137,089
Total Capital Assets, Net	\$ 881,048	\$ (84,648)	\$ 1,596	\$ 794,804

Depreciation expense of \$239,817 was charged to the public safety function of the County.

Notes to Financial Statements
September 30, 2012
Union County Sheriff
(Concluded)

Note 6 - Changes in Long-Term Debt

A summary of changes in long-term debt follows:

	<u>Balance</u> <u>10/1/11</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>9/30/12</u>	<u>Amount Due</u> <u>in One Year</u>
Compensated Absences	\$ 77,791	\$ 236	\$ -	\$ 78,027	\$ 26,009

Note 7 - Pension Plan

Plan Description. The Office contributes to the Florida Retirement System ("System"), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida, Department of Management Services, Division of Retirement. The System provides retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Florida Retirement System, PO Box 9000, Tallahassee, Florida 32315-9000, or by calling (850) 488-6491.

Funding Policy. The Office and plan members are required to contribute at an actuarially determined rate. Employer contribution rates of the Office are applicable to wages earned, as follows:

	<u>10/1/11-6/30/12</u>	<u>7/1/12-9/30/12</u>
Regular Employees	4.91%	5.18%
DROP Employees	4.42%	5.44%
Special Risk Employees	14.10%	14.90%
Senior Management Employees	6.27%	6.30%
Elected Officials	11.14%	10.23%

Employee contribution rates are 3% of applicable wages earned. The contribution requirements of plan members and the Office are established and may be amended by the Florida Legislature. The Office's contributions to the System for the years ended September 30, 2012, 2011, and 2010 were \$90,514, \$135,603 and \$146,543, respectively, and are equal to the required contributions for each year.

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – General Fund
For the Year Ended September 30, 2012
Union County Sheriff

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Miscellaneous Revenue	\$ -	\$ -	\$ -
Total Revenues	-	-	-
Expenditures			
Current:			
General Government	22,370	22,370	21,442
Public Safety	1,700,322	1,746,605	1,762,431
Reserve for Contingency	16,600	16,600	-
Total Expenditures	1,739,292	1,785,575	1,783,873
Excess of Revenues Over (Under) Expenditures	(1,739,292)	(1,785,575)	(1,783,873)
Other Financing Sources (Uses)			
Appropriations from Board of County Commissioners	1,739,292	1,785,575	1,785,575
Reversion to Board of County Commissioners	-	-	(1,702)
Total Other Financing Sources (Uses)	1,739,292	1,785,575	1,783,873
Net Change in Fund Balances	-	-	-
Fund Balances - October 1, 2011	-	-	-
Fund Balances - September 30, 2012	\$ -	\$ -	\$ -

Notes to Schedule:

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

**Schedule of Revenues, Expenditures and
Changes in Fund Balances – Inmate Welfare Fund
Budget and Actual
For the Year Ended September 30, 2012
Union County Sheriff**

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Charges for Services	\$ -	\$ -	\$ 2,110
Total Revenues	-	-	2,110
Expenditures			
Current:			
Public Safety	-	-	885
Total Expenditures	-	-	885
Net Change in Fund Balances	-	-	1,225
Fund Balances - October 1, 2011	-	-	31,103
Fund Balances - September 30, 2012	\$ -	\$ -	\$ 32,328

Notes to Schedule:

The preparation, adoption and amendment of the budgets are governed by Florida Statutes. The fund is the legal level of control. Budgets are prepared on a basis that does not differ materially from generally accepted accounting principles (GAAP). Appropriations lapse at year-end.

Supplemental Information

Combining Statement of Fiduciary Net Assets
Agency Funds
September 30, 2012
Union County Sheriff

	<u>Fines & Bonds Fund</u>	<u>Individual / Suspense</u>	<u>Inmate Bank</u>	<u>Total Agency Funds</u>
Assets				
Cash and Equivalents	\$ 2,841	\$ 5,694	\$ 10	\$ 8,545
Liabilities				
Assets Held For Others	2,841	-	10	2,851
Due to Other Governments	<u>-</u>	<u>5,694</u>	<u>-</u>	<u>5,694</u>
Total Liabilities	<u>2,841</u>	<u>5,694</u>	<u>10</u>	<u>8,545</u>
Net Assets	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

**Additional Elements Required by the
Rules of the Auditor General**



Management Letter

The Honorable Jerry Whitehead
Sheriff
Union County, Florida

We have audited the financial statements of the Union County Sheriff, as of and for the fiscal year ended September 30, 2012, and have issued our report thereon dated June 6, 2013.

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. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

Prior Audit Findings

The Rules of the Auditor General require that we comment as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding audit. In that regard, there were no prior year findings.

Investment of Public Funds

As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. Our audit did not reveal any noncompliance with the provisions of Section 218.415, Florida Statutes.

Other Matters

Our audit did not reveal any other matters that we are required to include in this management letter.

The management letter is intended solely for the information and use of the Union County Sheriff management and the State of Florida Office of the Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of the audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

DDF CPA Group

June 6, 2013



Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

The Honorable Jerry Whitehead
Sheriff
Union County, Florida

We have audited the special purpose financial statements of the Office of the Union County Sheriff as of and for the year ended September 30, 2012, and have issued our report thereon, dated June 6, 2013. Our report on the financial statements included a paragraph explaining that the financial statements include only the financial activities of the Office and, accordingly, are not intended to be a complete presentation for Union County, the primary government for financial reporting purposes. 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.

Internal Control Over Financial Reporting

Management of the Office is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Union County Sheriff's internal control over financial reporting as a basis for designing our auditing procedures 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 Union County Sheriff's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Union County Sheriff's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Union County Sheriff's special purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

Communication with Those Charged with Governance

Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects. Our audit of the financial statements does not relieve you of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into during the year for which there is a lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no estimates affecting the financial statements.

The disclosures in the financial statements are neutral, consistent and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There are no particularly sensitive disclosures significantly affecting the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known or likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no misstatements noted during the audit.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting or audit matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 6, 2013.

This report is intended solely for the information and use of the Union County Sheriff management and the State of Florida Office of the Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

DDF CPA Group

June 6, 2013

**Special Purpose Financial Statements
and
Independent Auditors' Report**

Union County Tax Collector

September 30, 2012

**Special Purpose Financial Statements
and
Independent Auditors' Report**

Union County Tax Collector

September 30, 2012

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Independent Auditors' Report

The Honorable Patsy Jones Elixson
Tax Collector
Union County, Florida

We have audited the accompanying special purpose financial statements of the Union County Tax Collector, (the "Office") as of and for the year ended September 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the management of the Office. Our responsibility is to express an opinion on these special purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, the accompanying financial statements have been prepared for the purpose of complying with the Rules of the Auditor General of the State of Florida. They include only the financial activity of the Office, which is an integral part of Union County, Florida, the primary government for financial reporting purposes.

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of the major fund and aggregate remaining fund information of the Office at September 30, 2012, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 31, 2012 on our consideration of the Office's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information 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.

DDF CPA Group

October 31, 2012
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**Balance Sheet
Governmental Fund
September 30, 2012
Union County Tax Collector**

	<u>General Fund</u>
Assets	
Cash and Equivalents	\$ <u>16,408</u>
Liabilities and Fund Balance	
Liabilities	
Due to Other Governments	\$ <u>16,408</u>
Total Liabilities	16,408
Fund Balance	
Unassigned	<u>-</u>
Total Liabilities and Fund Balance	\$ <u>16,408</u>

The notes to financial statements are integral to this statement.

Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For the Year Ended September 30, 2012
Union County Tax Collector

	<u>General Fund</u>
Revenues	
Charges for Services	\$ 219,279
Miscellaneous Revenue	<u>1,109</u>
Total Revenues	220,388
Expenditures	
Current:	
General Government	<u>324,122</u>
Total Expenditures	<u>324,122</u>
Excess Revenues Over (Under) Expenditures	(103,734)
Other Financing Sources (Uses)	
Appropriations from Board of County Commissioners	120,142
Reversion to Board of County Commissioners	<u>(16,408)</u>
Total Other Financing Sources (Uses)	<u>103,734</u>
Net Change in Fund Balance	-
Fund Balance - October 1, 2011	<u>-</u>
Fund Balance - September 30, 2012	<u>\$ -</u>

The notes to financial statements are integral to this statement.

Statement of Fiduciary Net Assets
September 30, 2012
Union County Tax Collector

	<u>Agency Fund</u>
Assets	
Cash and Equivalents	\$ 116,586
Liabilities	
Assets Held For Others	<u>116,586</u>
Net Assets	\$ <u><u>-</u></u>

The notes to financial statements are integral to this statement.

Notes to Financial Statements
September 30, 2012
Union County Tax Collector

Note 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. The following is a summary of the more significant policies.

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.

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.

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.

**Notes to Financial Statements
September 30, 2012
Union County Tax Collector
(Continued)**

Note 1 - Summary of Significant Accounting Policies (continued)

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.

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.

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 on the financial statements of the county.

Cash

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

Accounts Payable

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

Fund Balance

Beginning with fiscal year 2011, the Office implemented GASB 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. 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.

Notes to Financial Statements
September 30, 2012
Union County Tax Collector
(Continued)

Note 1 - Summary of Significant Accounting Policies (concluded)

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 these estimates.

Compensated Absences

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

Note 2 - 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 or 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 had 100 percent of excess deposits in a checking account with one local financial institution.

Note 3 - Changes in Long-Term Debt

A summary of changes in long-term debt follows:

	<u>Balance</u> <u>10/01/11</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>09/30/12</u>	<u>Due Within</u> <u>One Year</u>
Compensated Absences	\$ 6,659	\$ -	\$ 442	\$ 6,217	\$ 2,072

Note 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.

Notes to Financial Statements
September 30, 2012
Union County Tax Collector
(Concluded)

Note 5 - Pension Plan

Plan Description. The Office contributes to the Florida Retirement System ("System"), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida, Department of Management Services, Division of Retirement. The System provides retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Florida Retirement System, PO Box 9000, Tallahassee, Florida 32315-9000, or by calling (850) 488-6491.

Funding Policy. The Office and plan members are required to contribute at an actuarially determined rate. Employer contribution rates of the Office are applicable to wages earned, as follows:

	<u>10/1/11-6/30/12</u>	<u>7/1/12-9/30/12</u>
Regular Employees	4.91%	5.18%
DROP Employees	4.42%	5.44%
Special Risk Employees	14.10%	14.90%
Senior Management Employees	6.27%	6.30%
Elected Officials	11.14%	10.23%

Employee contribution rates are 3% of applicable wages earned. The contribution requirements of plan members and the Office are established and may be amended by the Florida Legislature. The Office's contributions to the System for the years ended September 30, 2012, 2011, and 2010 were \$10,996, \$20,075 and \$21,704, respectively, and are equal to the required contributions for each year.

Required Supplementary Information

**Schedule of Revenues, Expenditures and
Changes in Fund Balances - General Fund
Budget and Actual
For the Year Ended September 30, 2012
Union County Tax Collector**

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Charges for Services	\$ 221,540	\$ 221,540	\$ 219,279
Miscellaneous Revenue	1,492	1,492	1,109
Total Revenues	223,032	223,032	220,388
Expenditures			
Current:			
General Government	332,030	332,030	324,122
Total Expenditures	332,030	332,030	324,122
Excess of Revenues Over (Under) Expenditures	(108,998)	(108,998)	(103,734)
Other Financing Sources (Uses)			
Appropriations from Board of County Commissioners	120,142	120,142	120,142
Reversion to Board of County Commissioners	(11,144)	(11,144)	(16,408)
Total Other Financing Sources (Uses)	108,998	108,998	103,734
Net Change in Fund Balances	-	-	-
Fund Balances - October 1, 2011	-	-	-
Fund Balances - September 30, 2012	\$ -	\$ -	\$ -

Notes to Schedule:

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

**Additional Elements Required by the
Rules of the Auditor General**



Management Letter

The Honorable Patsy Jones Elixson
Tax Collector
Union County, Florida

We have audited the financial statements of the Union County Tax Collector, as of and for the fiscal year ended September 30, 2012, and have issued our report thereon dated October 31, 2012.

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. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

Prior Audit Findings

The Rules of the Auditor General require that we comment as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding audit. In that regard, there were no prior year's comments.

Investment of Public Funds

As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. Our audit did not reveal any noncompliance with the provisions of Section 218.415, Florida Statutes.

Other Matters

Our audit did not reveal any other matters that we are required to include in this management letter.

The management letter is intended solely for the information and use of the Union County Tax Collector management and the State of Florida Office of the Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of the audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

DDF CPA Group

October 31, 2012



**Report on Internal Control
over Financial Reporting and on
Compliance and Other Matters/Communication
with Those Charged with Governance**

The Honorable Patsy Jones Elixson
Tax Collector
Union County, Florida

We have audited the special purpose financial statements of the Office of the Union County Tax Collector as of and for the year ended September 30, 2012, and have issued our report thereon, dated October 31, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Union County Tax Collector's internal control over financial reporting as a basis for designing our auditing procedures 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 Union County Tax Collector's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Union County Tax Collector's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Union County Tax Collector's special purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

Communication with Those Charged with Governance

Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects. Our audit of the financial statements does not relieve you of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used are described in Note 1 to the financial statements. During the year, there were no new accounting policies adopted and the application of existing policies was not changed during the year. We noted no transactions entered into during the year for which there is a lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no estimates affecting the financial statements.

The disclosures in the financial statements are neutral, consistent and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There are no particularly sensitive disclosures significantly affecting the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known or likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no misstatements noted during the audit.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting or audit matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 31, 2012.

This report is intended solely for the information and use of the Union County Tax Collector management and the State of Florida Office of the Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

DDF CPA Group

October 31, 2012

**Special Purpose Financial Statements
and
Independent Auditors' Report
Union County Property Appraiser
September 30, 2012**

**Special Purpose Financial Statements
and
Independent Auditors' Report
Union County Property Appraiser
September 30, 2012**

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Independent Auditors' Report

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

We have audited the accompanying special purpose financial statements of the Union County Property Appraiser, (the "Office") as of and for the year ended September 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the management of the Office. Our responsibility is to express an opinion on these special purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, the accompanying financial statements have been prepared for the purpose of complying with the Rules of the Auditor General of the State of Florida. They include only the financial activity of the Office, which is an integral part of Union County, Florida, the primary government for financial reporting purposes.

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of the major fund information of the Office at September 30, 2012, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 10, 2013 on our consideration of the Office's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information 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.

DDF CPA Group

June 10, 2013

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**Balance Sheet
Governmental Fund
September 30, 2012
Union County Property Appraiser**

	General Fund
Assets	
Cash	\$ 12,845
Due from Other Governments	<u>96</u>
	\$ <u><u>12,941</u></u>
 Liabilities and Fund Balance	
Liabilities	
Accounts Payable and Accrued Expenditures	\$ 10,466
Due to Other Governments	<u>2,475</u>
Total Liabilities	12,941
 Fund Balance	
Unassigned	<u>-</u>
Total Liabilities and Fund Balance	\$ <u><u>12,941</u></u>

The notes to financial statements are integral to this statement.

Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended September 30, 2012
Union County Property Appraiser

	General Fund
Revenues	
Charges for Services	\$ 8,783
Miscellaneous Revenue	<u>220</u>
Total Revenues	9,003
Expenditures	
Current:	
General Government	<u>345,579</u>
Excess Revenues Over (Under) Expenditures	(336,576)
Other Financing Sources (Uses)	
Appropriations from Board of County Commissioners	338,658
Reversion to Board of County Commissioners	(2,041)
Reversion to Other Governments	<u>(41)</u>
Total Other Financing Sources (Uses)	<u>336,576</u>
Net Change in Fund Balance	-
Fund Balance - October 1, 2011	<u>-</u>
Fund Balance - September 30, 2012	\$ <u><u>-</u></u>

The notes to financial statements are integral to this statement.

Notes to Financial Statements
September 30, 2012
Union County Property Appraiser

Note 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. The following is a summary of the more significant policies.

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.

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.

Fund Accounting

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

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.

**Notes to Financial Statements
September 30, 2012
Union County Property Appraiser
(Continued)**

Note 1 - Summary of Significant Accounting Policies (continued)

Measurement Focus/Basis of Accounting (concluded)

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.

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.

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.

Cash

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

Accounts Payable

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

Fund Balance

Beginning with fiscal year 2011, the Office implemented GASB 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. In as much as the Property Appraiser is a county constitutional officer, any funds remaining at the end of the fiscal year are returned to the Board of County Commissioners by reducing the subsequent year appropriation.

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.

**Notes to Financial Statements
September 30, 2012
Union County Property Appraiser
(Continued)**

Note 1 - Summary of Significant Accounting Policies (concluded)

Compensated Absences

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

Note 2 - 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 had 100 percent of excess deposits in a checking account with one local financial institution.

Note 3 – Changes in Long-Term Debt

A summary of changes in long-term debt follows:

	<u>Balance</u> <u>10/01/11</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>9/30/12</u>	<u>Amount Due</u> <u>Within One Year</u>
Compensated Absences	\$ 10,386	\$ 4,291	\$ -	\$ 14,677	\$ 4,892

Note 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.

Note 5 – Budget Overexpenditures

Even though excess funds were returned to the Board of County Commissioners, actual expenditure were greater than budgeted expenditures by \$333. This was primarily due to failure to amend the budget to allow for the expenditure of unanticipated revenues.

**Notes to Financial Statements
September 30, 2012
Union County Property Appraiser
(Concluded)**

Note 6 - Pension Plan

Plan Description. The Office contributes to the Florida Retirement System ("System"), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida, Department of Management Services, Division of Retirement. The System provides retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Florida Retirement System, PO Box 9000, Tallahassee, Florida 32315-9000, or by calling (850) 488-6491.

Funding Policy. The Office and plan members are required to contribute at an actuarially determined rate. Employer contribution rates of the Office are applicable to wages earned, as follows:

	<u>10/1/11-6/30/12</u>	<u>7/1/12-9/30/12</u>
Regular Employees	4.91%	5.18%
DROP Employees	4.42%	5.44%
Special Risk Employees	14.10%	14.90%
Senior Management Employees	6.27%	6.30%
Elected Officials	11.14%	10.23%

Employee contribution rates are 3% of applicable wages earned. The contribution requirements of plan members and the Office are established and may be amended by the Florida Legislature. The Office's contributions to the System for the years ended September 30, 2012, 2011, and 2010 were \$16,474, \$26,912 and \$27,797, respectively, and are equal to the required contributions for each year.

Required Supplementary Information

**Schedule of Revenues, Expenditures and
Changes in Fund Balances - General Fund
Budget and Actual
For the Year Ended September 30, 2012
Union County Property Appraiser**

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Charges for Services	\$ 7,716	\$ 6,588	\$ 8,783
Miscellaneous Revenue	-	-	220
Total Revenues	7,716	6,588	9,003
Expenditures			
Current:			
General Government	345,261	345,246	345,579
Excess Revenues Over (Under) Expenditures	(337,545)	(338,658)	(336,576)
Other Financing Sources (Uses)			
Appropriations from Board of County Commissioners	337,545	338,658	338,658
Reversion to Board of County Commissioners	-	-	(2,041)
Reversion to Other Governments	-	-	(41)
Total Other Financing Sources (Uses)	337,545	338,658	336,576
Net Change in Fund Balance	-	-	-
Fund Balance - October 1, 2011	-	-	-
Fund Balance - September 30, 2012	\$ -	\$ -	\$ -

Notes to Schedule:

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

**Additional Elements Required by the
Rules of the Auditor General**



Management Letter

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

We have audited the financial statements of the Union County Property Appraiser, as of and for the fiscal year ended September 30, 2012, and have issued our report thereon dated June 10, 2013.

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. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

Prior Audit Findings

The Rules of the Auditor General require that we comment as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding audit. To comply with the Rules of the Auditor General, prior audit finding 11-01 was repeated in the accompanying Schedule of Findings as item 12-01.

Investment of Public Funds

As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. Our audit did not reveal any noncompliance with the provisions of Section 218.415, Florida Statutes.

Other Matters

Our audit did not reveal any other matters that we are required to include in this management letter.

The management letter is intended solely for the information and use of the Union County Property Appraiser management and the State of Florida Office of the Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of the audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

DDF CPA Group

June 10, 2013



**Report on Internal Control
over Financial Reporting and on
Compliance and Other Matters/Communication
With Those Charged with Governance**

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

We have audited the special purpose financial statements of the Office of the Union County Property Appraiser as of and for the year ended September 30, 2012, and have issued our report thereon, dated June 10, 2013. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Union County Property Appraiser's internal control over financial reporting as a basis for designing our auditing procedures 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 Union County Property Appraiser's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Union County Property Appraiser's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we consider deficiencies 12-01 and 12-02 described in the accompanying Schedule of Findings to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Union County Property Appraiser's special purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings as item 12-03.

Communication with Those Charged with Governance

Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as prescribed by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects. Our audit of the financial statements does not relieve you of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used are described in Note 1 to the financial statements. During the year, there were no new accounting policies adopted and the application of existing policies was not changed during the year. We noted no transactions entered into during the year for which there is a lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about the past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no estimates affecting the financial statements.

The disclosures in the financial statements are neutral, consistent and clear. Certain financial statement disclosures are particularly sensitive because of their significance to the financial statement users. There are no particularly sensitive disclosures significantly affecting the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known or likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We have provided your office with adjusting journal entries which you have agreed to post to the accounting records.

Disagreements With Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting or audit matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 10, 2013.

This report is intended solely for the information and use of the Union County Property Appraiser management and the State of Florida Office of the Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

DDF CPA Group

June 10, 2013

**Schedule of Findings
September 30, 2012
Union County Property Appraiser**

12-01 Segregation of Duties – Material Weakness in Internal Control

Condition – Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties. We noted that one employee has access to both physical assets and the relating accounting records. Consequently, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected. This is a repeat finding from the 2011, 2010 and 2009 audits.

Recommendation – To the extent possible, given the availability of personnel, steps should be taken to separate employee duties so that no one individual has access to both physical assets and the related accounting records, or to all phases of a transaction.

12-02 Controls Related to Payroll Procedures – Material Weakness in Internal Control

Condition – A review of internal control procedures relating to payroll processing revealed the statutory pay and retirement rates were not changed in the accounting software. Consequently, the Property Appraiser was underpaid for the fiscal year and the reported amount for retirement was overstated.

Recommendation – We recommend that the Office's internal control procedures be modified to promote increased monitoring, checks and balances, especially as it relates to payroll.

12-03 Budget Amendments – Noncompliance

Condition – The Office received unanticipated revenues in the form of charges for services and miscellaneous revenues. Even though revenues exceeded expenditures and excess revenues were returned to the Board of County Commissioners, budget amendments must be approved in order to authorize the expenditure of unanticipated revenues.

Recommendation – We recommend that budget amendments be done for unanticipated revenue in order to authorize the expenditure of those funds.



Bruce D. Dukes

PROPERTY APPRAISER – UNION COUNTY



June 12, 2013

David W. Martin, CPA
Auditor General's Office
111 West Madison Street
Tallahassee, Florida 32399-1450

Dear Mr. Martin,

This letter is in response to the recent audit findings of the Union County Property Appraiser for the fiscal year ended September 30, 2012 that was conducted by DDF CPA Group.

12-01 Segregation of Duties

I have explored options to strengthen compensating controls; however, such options involve the expenditure of funds to employ additional help. Currently my budget does not provide for an additional expenditure of funds.

12-02 Controls Related to Payroll Procedures

I will modify my internal control procedures as they relate to payroll to promote increased communication and monitoring.

12-03 Budget Over expenditures

Although my total expenses did not exceed my gross revenue, I have been made aware of the fact that I over spent more than I had budgeted by a small margin. In the future I will ensure budget amendments for any unanticipated revenue will be done in order to expend those funds.

Sincerely,

Bruce Dukes, PSM
Property Appraiser
Union County, Florida

**Special Purpose Financial Statements
and
Independent Auditors' Report
Union County Supervisor of Elections
September 30, 2012**

**Special Purpose Financial Statements
and
Independent Auditors' Report
Union County Supervisor of Elections
September 30, 2012**

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Independent Auditors' Report

The Honorable Debbie K. Osborne
Supervisor of Elections
Union County, Florida

We have audited the accompanying special purpose financial statements of the Union County Supervisor of Elections, (the "Office") as of and for the year ended September 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the management of the Office. Our responsibility is to express an opinion on these special purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, the accompanying financial statements have been prepared for the purpose of complying with the Rules of the Auditor General of the State of Florida. They include only the financial activity of the Office, which is an integral part of Union County, Florida, the primary government for financial reporting purposes.

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of the major fund information of the Office at September 30, 2012, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 10, 2013 on our consideration of the Office's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information 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.

DDF CPA Group

June 10, 2013

ddfcpa.com

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4729 US Highway 17 S, Suite 204, Orange Park, Florida 32003 | tel 904.264.9768 toll 866.811.9701 fax 904.269.7091

Balance Sheet
Governmental Fund
September 30, 2012
Union County Supervisor of Elections

	<u>General Fund</u>
Assets	
Cash and Equivalents	\$ 27
Due from Employees	<u>44</u>
Total Assets	<u><u>\$ 71</u></u>
Liabilities and Fund Balances	
Accounts Payable and Accrued Expenditures	\$ 1,106
Due to Other Governments	<u>5,449</u>
Total Liabilities	6,555
Fund Balances	
Unassigned	<u>(6,484)</u>
Total Fund Balances	<u>(6,484)</u>
Total Liabilities and Fund Balance	<u><u>\$ 71</u></u>

The notes to financial statements are integral to this statement.

Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For the Year Ended September 30, 2012
Union County Supervisor of Elections

	<u>General Fund</u>
Revenues	
Intergovernmental Revenue	\$ 3,366
Charges for Services	939
Miscellaneous Revenue	<u>21</u>
Total Revenue	4,326
Expenditures	
Current:	
General Government	<u>289,150</u>
Total Expenditures	<u>289,150</u>
Excess Revenues Over (Under) Expenditures	(284,824)
Other Financing Sources (Uses)	
Appropriations from Board of County Commissioners	<u>282,816</u>
Total Other Financing Sources (Uses)	<u>282,816</u>
Net Change in Fund Balance	(2,008)
Fund Balance (Deficit) - October 1, 2011	<u>(4,476)</u>
Fund Balance (Deficit) - September 30, 2012	<u><u>\$ (6,484)</u></u>

The notes to financial statements are integral to this statement.

Notes to Financial Statements
September 30, 2012
Union County Supervisor of Elections

Note 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. The following is a summary of the more significant policies.

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.

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.

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.

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.

Notes to Financial Statements
September 30, 2012
Union County Supervisor of Elections
(Continued)

Note 1 - Summary of Significant Accounting Policies (continued)

Measurement Focus/Basis of Accounting (concluded)

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.

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.

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.

Cash

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

Accounts Payable

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

Fund Balance

Beginning with fiscal year 2011, the Office implemented GASB 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. At September 30, 2012 the Office reported a negative unassigned fund balance of (\$6,484), due to the Office over expending its budget.

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.

Notes to Financial Statements
September 30, 2012
Union County Supervisor of Elections
(Continued)

Note 1 - Summary of Significant Accounting Policies (concluded)

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. 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.

Note 2 - 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 had 100 percent of excess deposits in a checking account with one local financial institution.

Note 3 - Changes in Long-Term Debt

A summary of changes in long-term debt follows:

	<u>Balance 10/01/11</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 09/30/12</u>	<u>Amount Due Within a Year</u>
Compensated Absences	\$ 154	\$ 1,135	\$ -	\$ 1,289	\$ 429

Note 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.

Note 5 – Budget Overexpenditures

For the period ended September 30, 2012, the Office over expended its budget by a total of \$3,194. This was primarily due to a double reimbursement of grant expenditures from both the Board of County Commissioner and a state grant.

Notes to Financial Statements
September 30, 2012
Union County Supervisor of Elections
(Concluded)

Note 6 - Pension Plan

Plan Description. The Office contributes to the Florida Retirement System ("System"), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida, Department of Management Services, Division of Retirement. The System provides retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Florida Retirement System, PO Box 9000, Tallahassee, Florida 32315-9000, or by calling (850) 488-6491.

Funding Policy. The Office and plan members are required to contribute at an actuarially determined rate. Employer contribution rates of the Office are applicable to wages earned, as follows:

	<u>10/1/11-6/30/12</u>	<u>7/1/12-9/30/12</u>
Regular Employees	4.91%	5.18%
DROP Employees	4.42%	5.44%
Special Risk Employees	14.10%	14.90%
Senior Management Employees	6.27%	6.30%
Elected Officials	11.14%	10.23%

Employee contribution rates are 3% of applicable wages earned. The contribution requirements of plan members and the Office are established and may be amended by the Florida Legislature. The Office's contributions to the System for the years ended September 30, 2012, 2011, and 2010 were \$11,693, \$18,836 and \$19,974, respectively, and are equal to the required contributions for each year.

Required Supplementary Information

**Schedule of Revenues, Expenditures
and Changes in Fund Balances – General Fund
Budget and Actual
For the Year Ended September 30, 2012
Union County Supervisor of Elections**

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Intergovernmental Revenue	\$ -	\$ -	\$ 3,366
Charges for Services	-	-	939
Miscellaneous Revenue	-	-	21
Total Revenue	-	-	4,326
Expenditures			
Current:			
General Government	270,576	285,956	289,150
Total Expenditures	270,576	285,956	289,150
Excess Revenues Over (Under) Expenditures	(270,576)	(285,956)	(284,824)
Other Financing Sources (Uses)			
Appropriations from Board of County Commissioners	270,576	285,956	282,816
Total Other Financing Sources (Uses)	270,576	285,956	282,816
Net Change in Fund Balances	-	-	(2,008)
Fund Balances (Deficit) - October 1, 2011	-	-	(4,476)
Fund Balances (Deficit) - September 30, 2012	\$ -	\$ -	\$ (6,484)

Notes to Schedule:

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

**Additional Elements Required by the
Rules of the Auditor General**



Management Letter

The Honorable Debbie K. Osborne
Supervisor of Elections
Union County, Florida

We have audited the financial statements of the Union County Supervisor of Elections, as of and for the fiscal year ended September 30, 2012, and have issued our report thereon dated June 10, 2013.

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. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

Prior Audit Findings

The Rules of the Auditor General require that we comment as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding audit. In that regard, prior year findings 11-01, 11-03 and 11-04 are once again reported in the Schedule of Findings as items 12-01, 12-02 and 12-03. Prior audit finding 11-02 has been corrected.

Investment of Public Funds

As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. Our audit did not reveal any noncompliance with the provisions of Section 218.415, Florida Statutes.

Other Matters

Our audit did not reveal any other matters that we are required to include in this management letter.

The management letter is intended solely for the information and use of the Union County Supervisor of Elections management and the State of Florida Office of the Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of the audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

DDF CPA Group

June 10, 2013



**Report on Internal Control
over Financial Reporting and on
Compliance and Other Matters/Communication
With Those Charged with Governance**

The Honorable Debbie K. Osborne
Supervisor of Elections
Union County, Florida

We have audited the special purpose financial statements of the Office of the Union County Supervisor of Elections as of and for the year ended September 30, 2012, and have issued our report thereon, dated June 10, 2013. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Union County Supervisor of Elections' internal control over financial reporting as a basis for designing our auditing procedures 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 Union County Supervisor of Elections' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Union County Supervisor of Elections' internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we consider deficiencies 12-01 and 12-03 described in the accompanying Schedule of Findings to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Union County Supervisor of Elections' special purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Findings as items 12-02 and 12-04.

Communication with Those Charged with Governance

Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects. Our audit of the financial statements does not relieve you of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used are described in Note 1 to the financial statements. During the year, there were no new accounting policies adopted and the application of existing policies was not changed during the year. We noted no transactions entered into during the year for which there is a lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no estimates affecting the financial statements.

The disclosures in the financial statements are neutral, consistent and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There are no particularly sensitive disclosures significantly affecting the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known or likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We have provided your office with adjusting journal entries which you have agreed to post to the accounting records.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting or audit matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 10, 2013.

This report is intended solely for the information and use of the Union County Supervisor of Elections management and the State of Florida Office of the Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

DDF CPA Group

June 10, 2013

**Schedule of Findings
September 30, 2012
Union County Supervisor of Elections**

12-01 Segregation of Duties – Material Weakness in Internal Control

Condition – Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties. We noted that one employee has access to both physical assets and the relating accounting records. Consequently, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected. This is a repeat finding from the 2009, 2010 and 2011 audits.

Recommendation – To the extent possible, given the availability of personnel, steps should be taken to separate employee duties so that no one individual has access to both physical assets and the related accounting records, or to all phases of a transaction.

12-02 Budget Over Expenditures/Deficit Fund Balance - Noncompliance

Condition – For the year ended September 30, 2012, the Office has over expended its budget and, as a result, has reported a deficit fund balance. Pursuant to 129.201 and 129.202, Florida Statutes, the budget of the supervisor of elections shall be included by the board in the general county budget and is subject to the same provisions of laws as the county annual budget. Therefore, in conjunction with these provisions it is unlawful to exceed the budget. This is a repeat finding from the 2011 audit.

Recommendation – Section 129.201(9) states that the budget of the supervisor of elections may be increased by the board of county commissioners to cover expenses for emergencies and unanticipated expenses as are recommended and justified by the supervisor of elections. In instances where original budget appropriations do not cover expenditures, we recommend that the supervisor of elections follow this provision.

12-03 Controls Related to Payroll Procedures – Material Weakness in Internal Control

Condition – A review of internal control procedures relating to payroll processing revealed the following deficiencies:

- Time sheets contained mathematical errors
- Time sheets were not always complete and did not always support employee paychecks
- Hours for holidays and leave time were counted as hours worked for overtime calculations and consequently, employees were overpaid

This is a repeat finding from the 2011 audit.

Recommendation - We recommend that the Office's internal control procedures be modified to promote increased monitoring, checks and balances, especially as it relates to payroll.

12-04 Budget Amendments – Noncompliance

Condition – The Supervisor of Elections requested from the Board of County Commissioners a budget amendment in the amount of \$3,140 for voting machine equipment that was subsequently reimbursed from grant funds. This situation resulted in double recording of revenue.

Recommendation – The amount of \$3,140 should be returned to the Board of County Commissioners.

DEBORAH K. OSBORNE

Supervisor of Elections • Union County, Florida



June 12, 2013

David W. Martin, CPA
Auditor General's Office
111 West Madison Street
Tallahassee, Florida 32399-1450

Dear Mr. Martin,

This letter is in response to the recent audit findings of the Union County Supervisor of Elections for the fiscal year ended September 30, 2012 that was conducted by DDF CPA Group.

12-01 Segregation of Duties

I understand the unique challenge this presents my office due to the limited amount of staff I have. I will continue to strive to make necessary changes to separate the basic accounting functions of my office.

12-02 Budget Over Expenditure/Deficit Fund Balance

Current over expenditure related to an adjustment needed at year end to report amount owed back to the Board of County Commissioner for funds I requested for new voting machines in December 2011, which were subsequent reimbursed by unanticipated grant funds in August 2012. In the future, I will ensure that this oversight will not occur when claiming grant expenditures.

12-03 Controls Related to Payroll Procedures

I will modify my internal control procedures to promote increased monitoring and checks and balances.

12-04 Budget Amendments

In the future, I will prepare budget amendments for any unanticipated grant awards. The amount owed to the Board of County Commissioners will paid back out of current year appropriations.

Sincerely,

Deborah K. Osborne
Union County Supervisor of Elections