

UNION COUNTY, FLORIDA
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2013

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**Financial Statements
and
Independent Auditors' Report**

Union County, Florida

September 30, 2013

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Union County, Florida, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise Union County, Florida's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Basis for Qualified Opinion on Governmental Activities

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

Qualified Opinion on Governmental Activities

In our opinion, except for the effects, if any, of the matter described in the Basis for Qualified Opinion paragraph on the governmental activities, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Union County, Florida , as of September 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion on Major Funds and Aggregate Remaining Fund Information

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information for Union County, Florida , as of September 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

The other information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2014 on our consideration of Union County, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Union County, Florida's internal control over financial reporting and compliance.

James Moore & Co., P.L.C.

Gainesville, Florida
June 24, 2014

Management's Discussion and Analysis (Unaudited)

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

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

Financial Highlights

- The assets of the County exceeded its liabilities at September 30, 2013 by \$17,512,237 (net position). Of this amount \$476,559 (unrestricted net position) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's long-term debt obligations decreased by \$91,261.
- As of September 30, 2013, the County's governmental funds reported combined ending fund balances of \$3,708,183. All funds were able to report positive ending fund balances. Fund balances saw an increase of \$556,882 when compared to prior year.
- The County purchased capital assets of buildings, equipment, vehicles and library materials in the amount of \$2,442,089.

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.

Management's Discussion and Analysis (Unaudited)

Government-Wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

Management's Discussion and Analysis (Unaudited)

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 six 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.

Management's Discussion and Analysis (Unaudited)

Government-Wide Financial Analysis

Statement of Net Position

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

	Governmental Activities	
	2013	2012
Assets:		
Current and Other Assets	\$ 5,418,214	\$ 3,891,188
Capital Assets	<u>15,285,564</u>	<u>14,151,267</u>
Total Assets	20,703,778	18,042,455
Liabilities:		
Long-Term Liabilities Outstanding	1,538,558	1,629,819
Other Liabilities	<u>1,652,983</u>	<u>645,476</u>
Total Liabilities	<u>3,191,541</u>	<u>2,275,295</u>
Net Position:		
Net Investment in Capital Assets	14,548,803	13,240,217
Restricted	2,486,875	1,883,275
Unrestricted	<u>476,559</u>	<u>613,668</u>
Total Net Position	<u>\$ 17,512,237</u>	<u>\$ 15,737,160</u>

Approximately 83% percent of the County's net position reflects its investment in capital assets (e.g. land, buildings, improvements, infrastructure, vehicles and equipment) less any related debt used to acquire those assets that is still outstanding. The County uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Of the remaining balance, \$476,559 is unrestricted net position that may be used to meet the County's ongoing obligations to citizens and creditors and \$2,486,875 is restricted net position that are constrained by grant agreements, Florida Statutes or enabling legislation.

At September 30, 2013, the County is able to report positive balances in all three categories of net position.

Significant increases, when compared to prior year, in other liabilities shown above and capital grants shown on the Statement of Activities on page 8, relate to an increase in accounts payable and revenue balances attributable to the County having two open road paving capital projects during the year that are reimbursed through grants awarded by the Florida Department of Transportation.

**Management's Discussion and Analysis
(Unaudited)**

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	
	2013	2012
Revenues:		
Program Revenues:		
Charges for Services	\$ 1,635,273	\$ 1,716,154
Operating Grants and Contributions	717,172	994,424
Capital Grants and Contributions	1,974,604	494,220
General Revenues:		
Property Taxes	2,137,625	2,202,427
Other Taxes	1,378,216	1,312,098
Other Revenues	<u>4,458,332</u>	<u>4,014,215</u>
Total Revenues	12,301,222	10,733,538
Expenses:		
General Government	1,931,680	2,026,348
Public Safety	4,584,762	4,101,478
Physical Environment	974,676	832,595
Economic Environment	130,854	383,988
Transportation	1,465,375	1,827,603
Human Services	294,407	243,642
Culture and Recreation	288,610	274,029
Court Related	821,565	883,317
Interest on Long-Term Debt	<u>34,216</u>	<u>43,445</u>
Total Expenses	<u>10,526,145</u>	<u>10,616,445</u>
Changes in Net Position	1,775,077	117,093
Net Position - October 1	<u>15,737,160</u>	<u>15,620,067</u>
Net Position - September 30	<u>\$ 17,512,237</u>	<u>\$ 15,737,160</u>

Management's Discussion and Analysis (Unaudited)

Financial Analysis of the County's Funds

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

Governmental Funds

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

As of September 30, 2013, the County's governmental funds reported combined ending fund balances of \$3,708,183 an increase of \$556,882 in comparison with the prior year. Of the ending fund balance, \$681,775 is considered unassigned and can be spent at the discretion of the Board, \$9,468 is considered nonspendable to account for ending inventory, \$349,288 is assigned for public safety related activities and \$2,667,652 is considered restricted, which represents the ending fund balances of the County's special revenue funds and court related IV-D grant reimbursements.

The General Fund is the chief operating fund of the County. At September 30, 2013, the unassigned fund balance of the General Fund was \$681,775. 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 11% of total General Fund expenditures. As of September 30, 2013, the fund balance of the General Fund decreased by \$115,983 when compared to the prior fiscal year ending fund balance due to the 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 \$18,071. This fund has a positive ending fund balance of \$18,311.

The Emergency Medical Services (EMS) Fund is used to account for revenues and expenditures related to ambulance services for county residents. During the current fiscal year the Emergency Medical Service's fund balance decreased by \$72,635. The decrease can be attributed to an increase in the estimated amount of uncollectable accounts receivable. The ending fund balance of the EMS Fund was \$305,908.

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 \$77,328. This increase is attributed to no expenditures, other than bank service fees, being made during the fiscal year. The Special Law Enforcement Fund had an ending fund balance of \$1,039,512.

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 increased \$99,038. The fund balance in the Transportation Trust Fund was \$207,671 at year end.

The Five-Cent Gas Tax Fund is used to account for proceeds from gas taxes and to account for street paving grants received from the Florida Department of Transportation. Fund balance increased \$314,439 due to receiving a transfer from the General Fund to aid in cash flow. The fund balance in Five-Cent Gas Tax was \$366,042 at year end.

Management's Discussion and Analysis (Unaudited)

Financial Analysis of the County's Funds (continued)

General Fund Budgetary Highlights

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

Actual expenditures in the general fund were \$8,653 more than final budget amounts. The main reason for this is incomplete budget amendments to account for increases in revenue received.

Capital Assets

The County's investment in capital assets for its governmental type activities as of September 30, 2013 amounted to \$15,285,564 (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 second Caterpillar 12M2 Motor Grader with a value of \$205,819.
- The County completed resurfacing of CR-237. Current year costs were \$706,526.
- The Transportation department financed a John Deere 6115 Utility Cab Tractor in the amounts of \$49,483.
- The County began construction on a new Transit Facility building; current year costs were \$377,713. Additionally, construction on CR-240 east and west began during the year. Paving costs to date are \$861,315. Both projects were still in construction at year end.

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

	Governmental Activities	
	2013	2012
Land	\$ 1,069,356	\$ 1,069,356
Buildings and Improvements	3,702,229	3,869,826
Infrastructure - Roads	6,899,757	6,566,998
Vehicles	774,475	944,135
Library Materials	79,972	67,650
Machinery and Equipment	1,078,894	1,247,045
Assets Under Capital Lease	406,451	321,805
Construction in Progress	1,274,430	64,452
Total	\$ 15,285,564	\$ 14,151,267

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

Management's Discussion and Analysis (Unaudited)

Financial Analysis of the County's Funds (concluded)

Long-Term Debt

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

	Governmental Activities	
	2013	2012
Compensated Absences	\$ 378,521	\$ 376,995
Landfill Long-Term Costs	278,067	341,774
Capital Lease Obligations	402,543	238,350
Notes Payable	479,427	672,700
Total	\$ 1,538,558	\$ 1,629,819

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

Economic Factors and Next Year's Budget

There are many challenges facing local governments today. The County continues to see increases in state mandated expenditures without increases in state revenue. In fact, revenue sharing and other tax revenue from the State continue to see decreases over the past years. Unfortunately, this trend is expected to continue in the near future. Conversely, mandated expenditures, such as retirement expense and Medicaid expense, have, and are expected to continue, to increase. Effective July 1, 2013, the State approved increases in retirement rates employers are required to contribute. For Elected Officials alone, the rate nearly tripled and went from 10.23% on every dollar earned to 33.03% on every dollar. This increase was approximately \$180,000 that the County was forced to absorb. Additionally, Medicaid expenses required to be paid by the County is budgeted next year for \$202,000; with estimated expenses expected to increase over \$60,000 (34%) over the next seven years.

For the budget year 2014, the County's property tax based experienced an increase compared to fiscal year 2013. While the real estate outlook is improving, the County continues to face budget challenges that are created by the slow recovery of the economy. In response, the County continues to reduce expenditures and deplete fund balance reserves. However, the County has been able to avoid employee layoffs thus far. It is anticipated that the General Fund ending unassigned fund balance at the end of budget year 2014 will be insufficient to even cover one month of general fund operating expenditures. The County will continue to monitor revenue streams and adjust expenditures, as necessary.

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 Position
September 30, 2013
Union County, Florida**

	<u>Governmental Activities</u>
Assets	
Cash and Equivalents	\$ 2,797,843
Investments	725,185
Accounts Receivables, Net	403,245
Due from Other Governments	1,423,912
Due from Retirees	1,513
Inventory	9,468
Prepaid Expenses	57,048
Capital Assets:	
Non-Depreciable	2,343,786
Depreciable, Net	<u>12,941,778</u>
Total Assets	20,703,778
Liabilities	
Accounts Payable and Accrued Liabilities	1,191,227
Due to Other Governments	661
Unearned Revenue	461,095
Noncurrent Liabilities:	
Due Within One Year	467,644
Due in More Than One Year	<u>1,070,914</u>
Total Liabilities	<u>3,191,541</u>
Net Position	
Net Investment in Capital Assets	14,548,803
Restricted for:	
Public Safety	1,496,595
Physical Environment	78,998
Economic Environment	18,313
Transportation	513,063
Culture and Recreation	72,303
Court Related	307,603
Unrestricted	<u>476,559</u>
Total Net Position	\$ <u>17,512,237</u>

The notes to financial statements are integral to this statement

**Statement of Activities
For the Year Ended September 30, 2013
Union County, Florida**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General Government	\$ 1,931,680	\$ 238,282	\$ 6,995	\$ -	\$ (1,686,403)
Public Safety	4,584,762	1,068,009	316,991	-	(3,199,762)
Physical Environment	974,676	118,385	70,588	-	(785,703)
Economic Environment	130,854	-	21,255	-	(109,599)
Transportation	1,465,375	95,870	3,344	1,974,604	608,443
Human Services	294,407	-	-	-	(294,407)
Culture and Recreation	288,610	2,690	80,986	-	(204,934)
Court Related	821,565	112,037	217,013	-	(492,515)
Interest on Long-Term Debt	34,216	-	-	-	(34,216)
Total	\$ 10,526,145	\$ 1,635,273	\$ 717,172	\$ 1,974,604	(6,199,096)
General Revenues:					
					2,137,625
					479,217
					835,208
					63,791
					528,450
					3,293,164
					85,911
					550,807
Total General Revenues					7,974,173
Change in Net Assets					1,775,077
Net Position - Beginning of Year					15,737,160
Net Position - End of Year					\$ 17,512,237

The notes to financial statements are integral to this statement

Fund Financial Statements

Balance Sheet
Governmental Activities
September 30, 2013
Union County, Florida

	Major Funds						Non-Major Funds	Totals
	General Fund	Local Housing Assistance Trust	Emergency Medical Services	Special Law Enforcement	Transportation Trust	Five-Cent Gas Tax		
Assets								
Cash and Equivalents	\$ 715,835	\$ 439,259	\$ 154,642	\$ 335,946	\$ 178,014	\$ 162,212	\$ 811,935	\$ 2,797,843
Investments	21,619	-	-	703,566	-	-	-	725,185
Accounts Receivable	577	-	355,236	-	13,483	-	21,204	390,500
Due From Other Governments	457,624	-	-	-	48,930	844,865	72,493	1,423,912
Due From Other Funds	167,250	-	-	-	5,608	-	1,607	174,465
Due From Retirees	1,513	-	-	-	-	-	-	1,513
Inventory	-	-	-	-	9,468	-	-	9,468
Total Assets	\$ 1,364,418	\$ 439,259	\$ 509,878	\$ 1,039,512	255,503	1,007,077	\$ 907,239	\$ 5,522,886
Liabilities and Fund Balances								
Liabilities								
Accounts Payable and Accrued Expenses	\$ 397,129	\$ -	\$ 33,623	\$ -	\$ 47,832	\$ 641,035	\$ 71,608	\$ 1,191,227
Due to Other Governments	661	-	-	-	-	-	-	661
Due to Other Funds	5,608	-	151,597	-	-	-	4,515	161,720
Unearned Revenue	-	420,948	18,750	-	-	-	21,397	461,095
Total Liabilities	403,398	420,948	203,970	-	47,832	641,035	97,520	1,814,703
Fund Balances								
Restricted	279,245	18,311	305,908	1,039,512	198,203	366,042	460,431	2,667,652
Nonspendable	-	-	-	-	9,468	-	-	9,468
Assigned	86,000	-	-	-	-	-	349,288	435,288
Unassigned	595,775	-	-	-	-	-	-	595,775
Total Fund Balances	961,020	18,311	305,908	1,039,512	207,671	366,042	809,719	3,708,183
Total Liabilities and Fund Balances	\$ 1,364,418	\$ 439,259	\$ 509,878	\$ 1,039,512	\$ 255,503	\$ 1,007,077	\$ 907,239	\$ 5,522,886

The notes to financial statements are integral to this statement.

**Reconciliation of the Balance Sheet
to the Statement of Net Position
September 30, 2013
Union County, Florida**

Total Fund Balances - Governmental Funds \$ 3,708,183

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 15,285,564

Expenditures relating to future periods are charged
to the period in which it was paid (Prepaid Expenses) 57,048

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	\$ (479,427)	
Capital Leases	(402,543)	
Long-Term Monitoring of Landfill	(278,067)	
Compensated Absences	<u>(378,521)</u>	
Total Long-Term Liabilities		<u>(1,538,558)</u>

Total Net Position of Governmental Activities \$ 17,512,237

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, 2013
Union County, Florida

	Major Funds						Non-Major Funds	Totals
	General Fund	Local Housing Assitance Trust	Emergency Medical Services	Special Law Enforcement	Transporation Trust	Five-Cent Gas Tax		
Revenues								
Taxes	\$ 2,575,227	\$ -	\$ -	\$ -	\$ 449,811	\$ 385,397	\$ 105,406	\$ 3,515,841
Licenses and Permits	50,505	-	193,247	-	-	-	284,698	528,450
Intergovernmental	3,519,253	21,562	-	-	3,344	1,596,891	843,890	5,984,940
Charges for Services	411,383	-	991,085	-	95,870	-	136,935	1,635,273
Fines and Forfeitures	-	-	-	76,079	-	-	9,832	85,911
Miscellaneous Revenues	51,027	18,071	5,654	1,334	136,235	25	357,171	569,517
Total Revenues	6,607,395	39,633	1,189,986	77,413	685,260	1,982,313	1,737,932	12,319,932
Expenditures								
Current:								
General Government	1,883,470	-	-	-	-	-	-	1,883,470
Public Safety	2,267,174	-	1,594,150	85	-	-	393,235	4,254,644
Physical Environment	130,493	-	-	-	-	-	868,567	999,060
Economic Environment	88,037	21,562	-	-	-	-	21,255	130,854
Transportation	377,713	-	-	-	1,217,729	1,567,874	-	3,163,316
Human Services	283,352	-	-	-	-	-	-	283,352
Culture and Recreation	33,286	-	-	-	-	-	229,084	262,370
Court Related	717,689	-	-	-	-	-	4,845	722,534
Debt Service:								
Principal	200,661	-	12,625	-	43,307	-	19,788	276,381
Interest	19,110	-	1,870	-	9,331	-	3,905	34,216
Total Expenditures	6,000,985	21,562	1,608,645	85	1,270,367	1,567,874	1,540,679	12,010,197
Excess of Revenues Over (Under) Expenditures	606,410	18,071	(418,659)	77,328	(585,107)	414,439	197,253	309,735
Other Financing Sources (Uses)								
Debt Proceeds	-	-	-	-	247,301	-	-	247,301
Transfers In	29,545	-	359,569	-	436,844	200,000	95,979	1,121,937
Transfers Out to Others	(154)	-	-	-	-	-	-	(154)
Transfers Out	(751,784)	-	(13,545)	-	-	(300,000)	(56,608)	(1,121,937)
Total Other Financing Sources (Uses)	(722,393)	-	346,024	-	684,145	(100,000)	39,371	247,147
Net Change in Fund Balances	(115,983)	18,071	(72,635)	77,328	99,038	314,439	236,624	556,882
Fund Balances - 10/1/2012	1,077,003	240	378,543	962,184	108,633	51,603	573,095	3,151,301
Fund Balances - 9/30/2013	\$ 961,020	\$ 18,311	\$ 305,908	\$ 1,039,512	\$ 207,671	\$ 366,042	\$ 809,719	\$ 3,708,183

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, 2013
Union County, Florida**

Net Change in Fund Balances - Governmental Funds	\$ 556,882
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	2,442,089
Current Year Depreciation Expense	(1,289,082)
The issuance of long-term debt provides current financial resources for governmental funds, but does not effect net assets of governmental activities	
Notes Payable	(41,482)
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	276,381
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	(7,363)
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	(1,526)
Landfill Long-Term Care Costs	63,707
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>(18,710)</u>
Change in Net Position of Governmental Activities	\$ <u>1,775,077</u>

The notes to financial statements are integral to this statement.

Statement of Fiduciary Net Position
September 30, 2013
Union County, Florida

	<u>Agency Funds</u>
Assets	
Cash and Equivalents	\$ 217,555
Receivables	3,427
Due From Other Funds	<u>926</u>
Total Assets	221,908
 Liabilities and Fund Balances	
Liabilities	
Assets Held For Others	\$ 198,766
Accounts Payable	205
Due to Other Governments	9,266
Due to Other Funds	<u>13,671</u>
Total Liabilities	<u>221,908</u>
Net Position	\$ <u><u>-</u></u>

The notes to financial statements are integral to this statement.

Notes to Financial Statements
September 30, 2013
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 Position and the Statement of Activities) concentrate on the County as a whole. In addition, they report information on all of the non-fiduciary activities of the County. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are separate from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

Notes to Financial Statements
September 30, 2013
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; except for property taxes which is 60 days.

Notes to Financial Statements
September 30, 2013
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.

Five-Cent Gas Tax Fund - The Five-Cent Gas Tax Fund is used to account for the proceeds of gas taxes. Taxes are levied to fund transportation expenditures.

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, 2013
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 \$355,236 in the Emergency Medical Services Fund consists of receivables for ambulance services provided to private individuals and the State. Of this amount, \$301,616 is reported for ambulance services provided to private individuals, which is net of an allowance for uncollectible accounts of \$450,000. This allowance represents approximately 56% of the gross ambulance service accounts receivable at September 30, 2013. The remaining balance of \$53,620 is receivable from the State for ambulance services and NSF checks receivable and is deemed to be 100% collectible. The County also reported \$35,264 as accounts receivable in other funds. On the Statement of Net Position, net internal balances of the County's agency funds in the amount of \$12,745 are reported in accounts receivable.

Inventory and Prepaid Items

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.

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

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, 2013
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. 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.

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, 2013
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, 2013 the County's investments totaled \$21,619 and are invested in certificate of deposits held with qualified public depositories.

The Florida Local Government Investment Trust (FLGIT) is a local government investment pool created by the Florida Association of Court Clerks and the Florida Association of Counties for the purpose of providing public entities with an investment program that focuses on longer term securities with the highest credit ratings. The effective maturity of the underlying investment is five years or less. At year end, the FLGIT was invested in money markets, treasury notes, asset-backed securities and Federal agency obligations. The investment type is subject to some market risk due to fluctuating prices and liquidity risk due to advance redemption notification requirements. However, it has a professional investment advisor and an investment advisory board. The FLGIT maintains a credit rating of AAAf by Standard & Poor's. A copy of FLGIT's most recent financial statements can be found at <http://floridatrusionline.com>. At September 30, 2013, the County had \$703,566 invested with FLGIT.

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, 2013, interfund balances consisted of:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 167,250	\$ 5,608
Special Revenue Funds		
Major Funds:		
Emergency Medical	-	151,597
Transportation Trust	5,608	-
Non-Major Funds:		
911 Communications	-	4,515
Emergency Management	576	-
Clerk Records Modernization	1,031	-
Agency Funds:		
Clerk of the Court Agency	-	13,671
Clerk Registry of Court	926	-
Total	<u>\$ 175,391</u>	<u>\$ 175,391</u>

Notes to Financial Statements
September 30, 2013
Union County, Florida
(Continued)

Note 3 - Interfund Balances and Transfers (concluded)

Transfers from/to other funds for the year ended September 30, 2013 were as follows:

<u>Recipient Fund</u>	<u>Amount Transferred</u>	<u>Reason for Transfer</u>
Emergency Medical Services \$	359,569	Transfer from General Fund to aid in operating costs
Emergency Management	17,943	Transfer from General Fund to aid in operating costs
Transportation Trust	436,844	Transfer from General Fund and 5-Cent Gas to cover road expenditures
911 Communications	33,804	Transfer from General Fund to aid in operating costs
Long-Term Care	35,000	Transfer from Solid Waste to meet landfill long-term care funding requirement
Solid Waste Management	9,232	Transfer from General Fund to aid in operating costs
5-Cent Gas	200,000	Transfer from General Fund to aid in cash flow needed for road paving grants
General Fund	29,545	Transfer from Emergency Medical Service for debt service payment and Long-Term Care for operating
Total Transfers	\$ <u>1,121,937</u>	

Note 4 – Budgets and Budgetary Accounting

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

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

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, 2013
Union County, Florida
(Continued)

Note 6 – Capital Assets

Capital assets activity for the year ended September 30, 2013 was as follows:

Governmental Activities:	Balance 10/1/12	Increases	Decreases	Transfers	Balance 9/30/13
Capital Assets, Not Being Depreciated:					
Land	\$ 1,069,356	\$ -	\$ -	\$ -	\$ 1,069,356
Construction in Progress	64,452	1,239,028	-	(29,050)	1,274,430
Total Capital Assets Not Being Depreciated	1,133,808	1,239,028	-	(29,050)	2,343,786
Capital Assets Being Depreciated:					
Buildings and Improvements	6,706,817	-	-	-	6,706,817
Infrastructure - Roads	8,541,505	733,904	-	29,050	9,304,459
Vehicles	3,450,498	94,100	148,803	-	3,395,795
Library Materials	270,518	28,990	89,991	-	209,517
Machinery and Equipment	3,387,502	140,248	268,613	130,448	3,389,585
Assets Under Capital Lease	578,434	205,819	192,167	(130,448)	461,638
Total Capital Assets Being Depreciated	22,935,274	1,203,061	699,574	29,050	23,467,811
Less Accumulated Depreciation For:					
Buildings and Improvements	2,836,991	167,597	-	-	3,004,588
Infrastructure - Roads	1,974,507	430,195	-	-	2,404,702
Vehicles	2,506,363	254,397	139,440	-	2,621,320
Library Materials	202,868	16,668	89,991	-	129,545
Machinery and Equipment	2,140,457	371,769	265,672	64,137	2,310,691
Assets Under Capital Lease	256,629	48,456	185,761	(64,137)	55,187
Total Accumulated Depreciation	9,917,815	1,289,082	680,864	-	10,526,033
Total Capital Assets, Net of Depreciation	13,017,459	(86,021)	18,710	29,050	12,941,778
Governmental Activities Capital Assets, Net	\$ 14,151,267	\$ 1,153,007	\$ 18,710	\$ -	\$ 15,285,564

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

Governmental Activities	
General Government	\$ 35,549
Court Related	95,720
Public Safety	513,345
Physical Environment	39,323
Transportation	530,292
Human Services	11,055
Culture and Recreation	63,798
Total Depreciation Expense	\$ 1,289,082

Note 7- Commitment/Contingencies

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

Notes to Financial Statements
September 30, 2013
Union County, Florida
(Continued)

Note 8 - 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 2014. Loan is secured by a pledge of the County's one-half cent sales tax.	\$ 145,209
Note payable to Capital City Bank for Emergency Medical Director's vehicle, interest rate of 3.25%, payable from Emergency Medical Services through April 2017. The loan secured by non ad-valorem taxes.	19,657
Note payable to Community State Bank to assist in purchase of ambulance, interest rate of 3.20%, payable from Emergency Medical Services through August 2017. Loan secured by non ad-valorem taxes.	31,849
Note payable to Kansas State Bank for roll-off truck, interest rate of 3.668%, payable from Solid Waste through December 2016. Loan is secured by a first lien on the equipment.	86,684
Note payable to John Deere Financial for John Deere Tractor, interest rate of 4.25% through, payable from Transportation Trust Fund through October 2017. Loan is secured by a security interest in the equipment.	34,521
Note payable to Capital City Bank for purchase of Supervisor of Elections building, interest rate of 3.80%, payable from General Fund through August 2016. The loan is secured by non ad-valorem revenues.	<u>161,507</u>
Total	\$ <u>479,427</u>

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

Year Ending September 30,	Principal	Interest	Total
2014	238,421	17,153	255,574
2015	96,744	7,927	104,671
2016	100,398	4,273	104,671
2017	43,098	1,261	44,359
2018	766	3	769
Total	\$ <u>479,427</u>	\$ <u>30,617</u>	\$ <u>510,044</u>

Notes to Financial Statements
September 30, 2013
Union County, Florida
(Continued)

Note 8 - Long-Term Liabilities (concluded)

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, 2013 are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2014	\$ 45,299
2015	36,742
2016	34,841
2017	172,582
2018	<u>156,614</u>
Total Minimum Lease Payments	446,078
Less: Amount Representing Interest	<u>43,535</u>
Present Value of Minimum Lease Payments	<u>\$ 402,543</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, 2013:

	<u>Balance 10/1/12</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 9/30/13</u>	<u>Due Within One Year</u>
Notes Payable	\$ 672,700	\$ 41,482	\$ 234,755	\$ 479,427	\$ 238,421
Capital Lease Obligations	238,350	205,819	41,626	402,543	33,532
Landfill Long-Term Care Costs	341,774	-	63,707	278,067	69,517
Compensated Absences	<u>376,995</u>	<u>1,526</u>	<u>-</u>	<u>378,521</u>	<u>126,174</u>
Total Long-Term Liabilities	<u>\$ 1,629,819</u>	<u>\$ 248,827</u>	<u>\$ 340,088</u>	<u>\$ 1,538,558</u>	<u>\$ 467,644</u>

The total interest incurred for the year ended September 30, 2013 was \$34,216.

Notes to Financial Statements
September 30, 2013
Union County, Florida
(Continued)

Note 9 - 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 4 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 \$69,517 per year, are expected to be incurred for a period of approximately 4 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 \$70,338 from fiscal year ending September 30, 2012 to fiscal year ending September 30, 2013. During the fiscal year, the County deposited \$35,000 into the landfill escrow account and expended \$25,911 related to monitoring costs.

Note 10 - Pension Plan

Plan Description. The County contributes to the Florida Retirement System Pension Plan (Pension Plan), a cost-sharing, multiple-employer public employee retirement system administered by the state of Florida Department of Administration, Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes, establishes the authority for participant eligibility, contribution requirements, vesting eligibility, and benefit provisions. The Pension Plan issues a publicly available financial report that includes financial statements, 10-year historical trend information, and other required supplementary information. That report may be obtained by writing to: State of Florida Department of Administration Division of Retirement, Cedars Executive Center, Building C 2639 North Monroe Street, Tallahassee, Florida 32399-1560.

The Pension Plan provides vesting of benefits after six years of creditable service. Regular members are eligible for normal retirement after six years of service and attaining age 62, or 30 years of service regardless of age. Early retirement may be taken any time after completing six years of service; however, there is a 5% benefit reduction for each year prior to normal retirement. Regular members who joined the Pension Plan on or after July 1, 2011 are subject to vesting of benefits after eight years of creditable service and eligible for normal retirement after eight years of service and attaining age 65, or 33 years of service regardless of age.

The Deferred Retirement Option Program (DROP), implemented on July 1, 1998, is a program that allows the employee to retire without terminating employment for up to five years while retirement benefits accumulate and earn interest compounded monthly at an effective annual rate of 6.5% for FRS Pension Plan members with an effective DROP begin date before July 1, 2011. For FRS Pension Plan members with an effective DROP begin date on or after July 1, 2011, the annual rate is 1.3%. This program is available to eligible members of the Florida Retirement System who are in the FRS Pension Plan. Employee participation in DROP does not change the employee's condition of employment. When the DROP period ends, the employee must terminate employment. At that time, the employee will receive the accumulated DROP benefits and begin receiving monthly retirement benefits. Eligible members may participate in DROP when they reached the normal retirement date. If an employee reaches normal retirement before the age of 57, the employee may elect to defer the DROP election until age 57.

As of June 1, 2003, the FRS offered members the option of participating in the Florida Retirement System Investment Plan (Investment Plan), a defined contribution plan qualified under Section 401(a) of the Internal Revenue Code. The Investment Plan is administered by the state of Florida Department of Administration, Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes, establishes the authority for participant eligibility, contribution requirements, vesting eligibility, and benefit

Notes to Financial Statements
September 30, 2013
Union County, Florida
(Continued)

Note 10 - Pension Plan (concluded)

provisions. The Investment Plan provides vesting of benefits after one year of creditable service. Employees were eligible to make an election to participate in the Investment Plan instead of the Pension Plan. Existing employees may make the election beginning December 1, 2003. New employees may make the election within five months of their month of hire. Participants in the Investment Plan also have a one-time opportunity to switch back to the Pension Plan at any time by "buying back" into the Pension Plan. The rates for the Investment Plan are the same as the Pension Plan.

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>10/1/12-6/30/13</u>	<u>7/1/13-9/30/13</u>
Regular Employees	5.18%	6.95%
DROP Employees	5.44%	12.84%
Special Risk Employees	14.90%	19.06%
Senior Management Employees	6.30%	18.31%
Elected Officials	10.23%	33.03%

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, 2013, 2012, and 2011 were \$425,647, \$328,504 and \$487,451, respectively, and are equal to the required contributions for each year.

Note 11 - Jointly Governed Organization

New River Public Library Cooperative

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

The Board received from New River Public Library Cooperative \$12,000, in rental charges, in fiscal year 2013. 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, 2013 (latest available information), is hereafter presented:

Total Assets	\$	405,849
Total Liabilities	\$	25,446
Total Net Position	\$	380,403
Total Revenues	\$	343,398
Total Expenses	\$	392,342
Change in Net Position	\$	(48,944)

Notes to Financial Statements
September 30, 2013
Union County, Florida
(Continued)

Note 11 - Jointly Governed Organization (concluded)

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.

Note 12 – Joint Venture

New River Solid Waste Association

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

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

The Board incurred \$181,435 in solid waste tipping charges, during fiscal year 2013. The charges are based on the amount of solid waste taken into the landfill from Union County and its residents. The Board received \$386,022 from the New River Solid Waste Association in revenue sharing, host and assessment fees. Additionally, the County received a onetime special distribution in the amount of \$300,000 in fiscal year 2013. The Association's condensed financial information, as of and for the year ended September 30, 2013 (latest available information), is hereafter presented:

Total Assets	\$	46,144,190
Total Liabilities	\$	15,963,607
Total Net Postion	\$	30,180,583
Total Revenues	\$	7,349,510
Total Non-Operating Revenues (Expenses)	\$	(1,737,820)
Total Expenses	\$	7,030,522
Change in Net Position	\$	(1,418,832)

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, 2013
Union County, Florida
(Concluded)

Note 13 – Budget Over Expenditures

For the period ended September 30, 2013, the following funds over expended their budget:

Major Fund:	
General Fund	\$ 8,653
Emergency Medical Service	342,174
Non-Major Funds:	
Solid Waste	4,274
Law Library	159
Emergency Management	<u>3,515</u>
Total	<u>\$ 358,775</u>

Budget over expenditures in Emergency Medical Service was caused by a \$350,000 increase in the estimated allowance for uncollectible accounts that was not budgeted for.

Budget over expenditures in non-major funds were caused by unanticipated revenue that required budget amendments to expend, however no such amendments were executed.

Note 14 – 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, 2013 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	Five-Cent Gas Tax	Non-Major Funds
Public Safety	\$ -	\$ -	\$ 305,908	\$ 1,039,512	\$ -	\$ -	\$ 198,228
Physical Environment	-	-	-	-	-	-	89,420
Economic Environment	-	18,311	-	-	-	-	2
Transportation	-	-	-	-	198,203	366,042	-
Culture and Recreation	-	-	-	-	-	-	99,661
Court Related	<u>279,245</u>	-	-	-	-	-	<u>73,120</u>
	\$ 279,245	\$ 18,311	\$ 305,908	\$ 1,039,512	\$ 198,203	\$ 366,042	\$ 460,431

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 \$9,468 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 \$435,288 in assigned fund balance which is comprised of \$86,000 of current year General Fund surplus that was used to balance next year's budget, \$70,896 in residual General Fund transfers made to Emergency Management, which the Board intends to be spent on emergency management (public safety) related activities, and \$278,392 in the Landfill Long-Term account which the Board has assigned for future capital projects.

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, 2013
Union County, Florida**

	Budgeted Amounts		Actual
	Original	Final	
Revenues			
Taxes	\$ 2,617,113	\$ 2,617,113	\$ 2,575,227
Licenses and Permits	38,800	50,300	50,505
Intergovernmental	2,919,367	3,435,037	3,519,253
Charges for Services	378,071	380,371	411,383
Miscellaneous Revenues	34,450	84,091	51,027
FS 129 Statutory Reduction	(256,112)	(245,112)	-
Total Revenues	5,731,689	6,321,800	6,607,395
Expenditures			
Current:			
General Government	1,824,633	1,781,628	1,883,470
Public Safety	2,148,581	2,302,798	2,267,174
Physical Environment	133,451	138,451	130,493
Economic Environment	99,594	93,594	88,037
Transportation	-	380,000	377,713
Human Services	320,589	308,589	283,352
Culture and Recreation	30,600	30,600	33,286
Court Related	795,563	748,663	717,689
Debt Service:			
Principal	208,163	208,163	200,661
Interest	-	-	19,110
Total Expenditures	5,561,174	5,992,486	6,000,985
Excess of Revenues Over (Under) Expenditures	170,515	329,314	606,410
Other Financing Sources (Uses)			
Transfers In	13,545	29,545	29,545
Transfers Out to Others	-	-	(154)
Transfers Out	(455,984)	(751,784)	(751,784)
Total Other Financing Sources (Uses)	(442,439)	(722,239)	(722,393)
Net Change in Fund Balances	(271,924)	(392,925)	(115,983)
Fund Balances -October 1, 2012	753,296	863,296	1,077,003
Fund Balances -September 30, 2013	\$ 481,372	\$ 470,371	\$ 961,020

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 - Local Housing Assistance Trust Fund
For the Year Ended September 30, 2013
Union County, Florida**

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Intergovernmental	\$ -	\$ 25,000	\$ 21,562
Miscellaneous Revenues	-	-	18,071
FS 129 Statutory Reduction	-	-	-
Total Revenues	-	25,000	39,633
Expenditures			
Current:			
Economic Environment	67,000	25,000	21,562
Total Expenditures	67,000	25,000	21,562
Excess of Revenues Over (Under) Expenditures	(67,000)	-	18,071
Other Financing Sources (Uses)			
Transfers Out	-	(67,000)	-
Total Other Financing Sources (Uses)	-	(67,000)	-
Net Change in Fund Balances	(67,000)	(67,000)	18,071
Fund Balances -October 1, 2012	67,000	67,000	240
Fund Balances -September 30, 2013	\$ -	\$ -	\$ 18,311

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, 2013
Union County, Florida**

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Licenses and Permits	\$ 193,000	\$ 193,000	\$ 193,247
Intergovernmental	2,300	2,300	-
Charges for Services	745,000	745,000	991,085
Miscellaneous Revenues	2,050	2,050	5,654
FS 129 Statutory Reduction	(46,903)	(46,903)	-
Total Revenues	895,447	895,447	1,189,986
Expenditures			
Current:			
Public Safety	1,157,291	1,257,291	1,594,150
Debt Service:			
Principal	9,180	9,180	12,625
Interest	-	-	1,870
Total Expenditures	1,166,471	1,266,471	1,608,645
Excess of Revenues Over (Under) Expenditures	(271,024)	(371,024)	(418,659)
Other Financing Sources (Uses)			
Transfers In	259,569	359,569	359,569
Transfers Out	(13,545)	(13,545)	(13,545)
Total Other Financing Sources (Uses)	246,024	346,024	346,024
Net Change in Fund Balances	(25,000)	(25,000)	(72,635)
Fund Balances -October 1, 2012	25,000	25,000	378,543
Fund Balances -September 30, 2013	\$ -	\$ -	\$ 305,908

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, 2013
Union County, Florida**

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Fines and Forfeitures	\$ 44,000	\$ 44,000	\$ 76,079
Miscellaneous Revenues	4,000	4,000	1,334
FS 129 Statutory Reduction	<u>(2,400)</u>	<u>(2,400)</u>	<u>-</u>
Total Revenues	45,600	45,600	77,413
Expenditures			
Current:			
Public Safety	<u>1,002,600</u>	<u>1,002,600</u>	<u>85</u>
Total Expenditures	<u>1,002,600</u>	<u>1,002,600</u>	<u>85</u>
Net Change in Fund Balances	(957,000)	(957,000)	77,328
Fund Balances -October 1, 2012	<u>957,000</u>	<u>957,000</u>	<u>962,184</u>
Fund Balances -September 30, 2013	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,039,512</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.

**Schedule of Revenues, Expenditures and
Changes in Fund Balances
Budget and Actual – Transportation Trust Fund
For the Year Ended September 30, 2013
Union County, Florida**

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Taxes	\$ 449,218	\$ 449,218	\$ 449,811
Intergovernmental	3,039	3,039	3,344
Charges for Services	130,000	100,000	95,870
Miscellaneous Revenues	8,550	136,550	136,235
FS 129 Statutory Reduction	(29,540)	(29,540)	-
Total Revenues	561,267	659,267	685,260
Expenditures			
Current:			
Transportation	1,035,459	1,249,501	1,217,729
Debt Service:			
Principal	52,044	52,044	43,307
Interest	-	-	9,331
Total Expenditures	1,087,503	1,301,545	1,270,367
Excess of Revenues Over (Under) Expenditures	(526,236)	(642,278)	(585,107)
Other Financing Sources (Uses)			
Debt Proceeds	-	205,434	247,301
Transfers In	526,236	436,844	436,844
Total Other Financing Sources (Uses)	526,236	642,278	684,145
Net Change in Fund Balances	-	-	99,038
Fund Balances -October 1, 2012	-	-	108,633
Fund Balances -September 30, 2013	\$ -	\$ -	\$ 207,671

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 – Five-Cent Gas Tax
For the Year Ended September 30, 2013
Union County, Florida**

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Taxes	\$ 367,483	\$ 367,483	\$ 385,397
Intergovernmental	1,903,564	1,903,564	1,596,891
Miscellaneous Revenues	100	100	25
FS 129 Statutory Reduction	<u>(18,379)</u>	<u>(18,379)</u>	<u>-</u>
Total Revenues	2,252,768	2,252,768	1,982,313
Expenditures			
Current:			
Transportation	<u>1,932,768</u>	<u>1,932,768</u>	<u>1,567,874</u>
Excess of Revenues Over (Under) Expenditures	320,000	320,000	414,439
Other Financing Sources (Uses)			
Transfers In	-	-	200,000
Transfers Out	<u>(395,000)</u>	<u>(300,000)</u>	<u>(300,000)</u>
Total Other Financing Sources (Uses)	<u>(395,000)</u>	<u>(300,000)</u>	<u>(100,000)</u>
Net Change in Fund Balances	(75,000)	20,000	314,439
Fund Balances -October 1, 2012	<u>75,000</u>	<u>75,000</u>	<u>51,603</u>
Fund Balances -September 30, 2013	\$ <u><u>-</u></u>	\$ <u><u>95,000</u></u>	\$ <u><u>366,042</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.

Supplemental Information

**Combining Balance Sheets
Board and Officer General Funds
September 30, 2013
Union County, Florida**

	<u>Board of County Commissioners</u>	<u>Clerk of Circuit Court</u>	<u>Sheriff</u>
Assets			
Cash and Equivalents	\$ 203,244	\$ 269,334	\$ 196,781
Investments	21,619	-	-
Accounts Receivable	399	82	-
Due From Other Governments	355,275	102,349	-
Due From Other Funds	251,219	11,714	-
Due From Retirees	<u>1,513</u>	<u>-</u>	<u>-</u>
Total Assets	\$ <u>833,269</u>	\$ <u>383,479</u>	\$ <u>196,781</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable and Accrued Expenses	\$ 145,373	\$ 60,832	\$ 187,724
Due to Other Governments	513	-	-
Due to Other Funds	<u>5,608</u>	<u>43,402</u>	<u>9,057</u>
Total Liabilities	151,494	104,234	196,781
Fund Balances			
Restricted	-	279,245	-
Assigned	86,000	-	-
Unassigned	<u>595,775</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>681,775</u>	<u>279,245</u>	<u>-</u>
Total Liabilities and Fund Balances	\$ <u>833,269</u>	\$ <u>383,479</u>	\$ <u>196,781</u>

Combining Balance Sheets
Board and Officer General Funds
September 30, 2013
Union County, Florida
(Continued)

	<u>Tax Collector</u>	<u>Property Appraiser</u>	<u>Supervisor of Elections</u>
Assets			
Cash and Equivalents	\$ 27,628	\$ 10,799	\$ 8,049
Investments	-	-	-
Accounts Receivable	-	-	96
Due From Other Governments	-	-	-
Due From Other Funds	-	-	-
Due From Retirees	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Assets	\$ <u>27,628</u>	\$ <u>10,799</u>	\$ <u>8,145</u>
 Liabilities and Fund Balances			
Liabilities			
Accounts Payable and			
Accrued Expenses	\$ -	\$ 2,695	\$ 505
Due to Other Governments	-	148	-
Due to Other Funds	<u>27,628</u>	<u>7,956</u>	<u>7,640</u>
Total Liabilities	27,628	10,799	8,145
 Fund Balances			
Restricted	-	-	-
Assigned	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
 Total Liabilities and Fund Balances	\$ <u>27,628</u>	\$ <u>10,799</u>	\$ <u>8,145</u>

**Combining Balance Sheets
Board and Officer General Funds
September 30, 2013
Union County, Florida
(Concluded)**

	<u>Subtotals</u>	<u>Interfund Eliminations</u>	<u>Totals</u>
Assets			
Cash and Equivalents	\$ 715,835	\$ -	\$ 715,835
Investments	21,619	-	21,619
Accounts Receivable	577	-	577
Due From Other Governments	457,624	-	457,624
Due From Other Funds	262,933	(95,683)	167,250
Due From Retirees	<u>1,513</u>	<u>-</u>	<u>1,513</u>
Total Assets	\$ <u>1,460,101</u>	\$ <u>(95,683)</u>	\$ <u>1,364,418</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable and Accrued Expenses	\$ 397,129	\$ -	\$ 397,129
Due to Other Governments	661	-	661
Due to Other Funds	<u>101,291</u>	<u>(95,683)</u>	<u>5,608</u>
Total Liabilities	499,081	(95,683)	403,398
Fund Balances			
Restricted	279,245	-	279,245
Assigned	86,000	-	86,000
Unassigned	<u>595,775</u>	<u>-</u>	<u>595,775</u>
Total Fund Balances	<u>961,020</u>	<u>-</u>	<u>961,020</u>
Total Liabilities and Fund Balances	\$ <u>1,460,101</u>	\$ <u>(95,683)</u>	\$ <u>1,364,418</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, 2013
Union County, Florida**

	Board of County Commissioners			Clerk of Circuit Courts		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenues						
Taxes	\$ 2,617,113	2,617,113	2,575,227	\$ -	\$ -	\$ -
Licenses and Permits	38,800	50,300	50,505	-	-	-
Intergovernmental	2,390,109	2,905,779	2,973,257	529,258	529,258	539,001
Charges for Services	113,400	115,700	112,595	35,000	35,000	76,000
Miscellaneous Revenues	34,450	84,091	42,954	-	-	40
FS 129 Statutory Reduction	(256,112)	(245,112)	-	-	-	-
Total Revenues	4,937,760	5,527,871	5,754,538	564,258	564,258	615,041
Expenditures						
Current:						
General Government	606,042	563,037	678,368	234,688	234,688	266,398
Public Safety	431,659	437,617	404,110	-	-	-
Physical Environment	133,451	138,451	130,493	-	-	-
Economic Environment	99,594	93,594	88,037	-	-	-
Transportation	-	380,000	377,713	-	-	-
Human Services	320,589	308,589	283,352	-	-	-
Culture and Recreation	30,600	30,600	33,286	-	-	-
Court Related	260,566	213,666	193,185	534,997	534,997	524,504
Debt Service:						
Principal	208,163	208,163	200,661	-	-	-
Interest	-	-	19,110	-	-	-
Total Expenditures	2,090,664	2,373,717	2,408,315	769,685	769,685	790,902
Excess of Revenues Over (Under) Expenditures	2,847,096	3,154,154	3,346,223	(205,427)	(205,427)	(175,861)
Other Financing Sources (Uses)						
Debt Proceeds	-	-	-	-	-	-
Transfers In	38,545	65,545	122,033	290,578	290,578	290,578
Transfers Out to Others	-	-	-	-	-	-
Transfers Out	(3,316,727)	(3,760,785)	(3,662,039)	(45,000)	(45,000)	(43,401)
Total Other Financing Sources (Uses)	(3,278,182)	(3,695,240)	(3,540,006)	245,578	245,578	247,177
Net Change in Fund Balances	(431,086)	(541,086)	(193,783)	40,151	40,151	71,316
Fund Balances - 10/1/2012	536,000	646,000	875,558	217,296	217,296	207,929
Fund Balances - 9/30/2013	\$ 104,914	104,914	681,775	\$ 257,447	\$ 257,447	\$ 279,245

**Combining Statement of Revenues, Expenditures and
Changes in Fund Balances – Budget to Actual
Board and Officer General Funds
For the Year Ended September 30, 2013
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	-	-	-	222,709	222,709	211,306
Miscellaneous Revenues	-	-	6,300	-	-	350
FS 129 Statutory Reduction	-	-	-	-	-	-
Total Revenues	-	-	6,300	222,709	222,709	211,656
Expenditures						
Current:						
General Government	22,370	22,370	21,730	340,811	340,811	302,442
Public Safety	1,716,922	1,865,181	1,863,064	-	-	-
Physical Environment	-	-	-	-	-	-
Economic Environment	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Human Services	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-
Court Related	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total Expenditures	<u>1,739,292</u>	<u>1,887,551</u>	<u>1,884,794</u>	<u>340,811</u>	<u>340,811</u>	<u>302,442</u>
Excess of Revenues Over (Under) Expenditures	(1,739,292)	(1,887,551)	(1,878,494)	(118,102)	(118,102)	(90,786)
Other Financing Sources (Uses)						
Debt Proceeds	-	-	-	-	-	-
Transfers In	1,739,292	1,887,551	1,887,551	122,280	122,280	118,414
Transfers Out to Others	-	-	-	-	-	-
Transfers Out	-	-	(9,057)	(4,178)	(4,178)	(27,628)
Total Other Financing Sources (Uses)	<u>1,739,292</u>	<u>1,887,551</u>	<u>1,878,494</u>	<u>118,102</u>	<u>118,102</u>	<u>90,786</u>
Net Change in Fund Balances	-	-	-	-	-	-
Fund Balances - 10/1/2012	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - 9/30/2013	<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, 2013
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	-	-	-	-	-	6,995
Charges for Services	6,962	6,962	11,467	-	-	15
Miscellaneous Revenues	-	-	1,361	-	-	22
FS 129 Statutory Reduction	-	-	-	-	-	-
Total Revenues	6,962	6,962	12,828	-	-	7,032
Expenditures						
Current:						
General Government	351,060	351,060	348,822	269,662	269,662	265,710
Public Safety	-	-	-	-	-	-
Physical Environment	-	-	-	-	-	-
Economic Environment	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Human Services	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-
Court Related	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total Expenditures	351,060	351,060	348,822	269,662	269,662	265,710
Excess of Revenues Over (Under) Expenditures	(344,098)	(344,098)	(335,994)	(269,662)	(269,662)	(258,678)
Other Financing Sources (Uses)						
Debt Proceeds	-	-	-	-	-	-
Transfers In	344,098	344,098	344,098	269,662	269,662	269,662
Transfers Out to Others	-	-	(148)	-	-	-
Transfers Out	-	-	(7,956)	-	-	(4,500)
Total Other Financing Sources (Uses)	344,098	344,098	335,994	269,662	269,662	265,162
Net Change in Fund Balances	-	-	-	-	-	6,484
Fund Balances - 10/1/2012	-	-	-	-	-	(6,484)
Fund Balances - 9/30/2013	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**Combining Statement of Revenues, Expenditures and
Changes in Fund Balances – Budget to Actual
Board and Officer General Funds
For the Year Ended September 30, 2013
Union County, Florida
(Continued)**

	Subtotals			Interfund Eliminations		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenues						
Taxes	\$ 2,617,113	\$ 2,617,113	\$ 2,575,227	\$ -	\$ -	\$ -
Licenses and Permits	38,800	50,300	50,505	-	-	-
Intergovernmental	2,919,367	3,435,037	3,519,253	-	-	-
Charges for Services	378,071	380,371	411,383	-	-	-
Miscellaneous Revenues	34,450	84,091	51,027	-	-	-
FS 129 Statutory Reduction	(256,112)	(245,112)	-	-	-	-
Total Revenues	5,731,689	6,321,800	6,607,395	-	-	-
Expenditures						
Current:						
General Government	1,824,633	1,781,628	1,883,470	-	-	-
Public Safety	2,148,581	2,302,798	2,267,174	-	-	-
Physical Environment	133,451	138,451	130,493	-	-	-
Economic Environment	99,594	93,594	88,037	-	-	-
Transportation	-	380,000	377,713	-	-	-
Human Services	320,589	308,589	283,352	-	-	-
Culture and Recreation	30,600	30,600	33,286	-	-	-
Court Related	795,563	748,663	717,689	-	-	-
Debt Service:						
Principal	208,163	208,163	200,661	-	-	-
Interest	-	-	19,110	-	-	-
Total Expenditures	5,561,174	5,992,486	6,000,985	-	-	-
Excess of Revenues Over (Under) Expenditures	170,515	329,314	606,410	-	-	-
Other Financing Sources (Uses)						
Debt Proceeds	-	-	-	-	-	-
Transfers In	2,804,455	2,979,714	3,032,336	(2,790,910)	(2,950,169)	(3,002,791)
Transfers Out to Others	-	-	(148)	-	-	(6)
Transfers Out	(3,365,905)	(3,809,963)	(3,754,581)	2,909,921	3,058,179	3,002,797
Total Other Financing Sources (Uses)	(561,450)	(830,249)	(722,393)	119,011	108,010	-
Net Change in Fund Balances	(390,935)	(500,935)	(115,983)	119,011	108,010	-
Fund Balances - 10/1/2012	753,296	863,296	1,077,003	-	-	-
Fund Balances - 9/30/2013	\$ 362,361	\$ 362,361	\$ 961,020	\$ 119,011	\$ 108,010	\$ -

**Combining Statement of Revenues, Expenditures and
Changes in Fund Balances – Budget to Actual
Board and Officer General Funds
For the Year Ended September 30, 2013
Union County, Florida
(Concluded)**

	Totals		
	Original Budget	Final Budget	Actual
Revenues			
Taxes	\$ 2,617,113	\$ 2,617,113	\$ 2,575,227
Licenses and Permits	38,800	50,300	50,505
Intergovernmental	2,919,367	3,435,037	3,519,253
Charges for Services	378,071	380,371	411,383
Miscellaneous Revenues	34,450	84,091	51,027
FS 129 Statutory Reduction	(256,112)	(245,112)	-
Total Revenues	5,731,689	6,321,800	6,607,395
Expenditures			
Current:			
General Government	1,824,633	1,781,628	1,883,470
Public Safety	2,148,581	2,302,798	2,267,174
Physical Environment	133,451	138,451	130,493
Economic Environment	99,594	93,594	88,037
Transportation	-	380,000	377,713
Human Services	320,589	308,589	283,352
Culture and Recreation	30,600	30,600	33,286
Court Related	795,563	748,663	717,689
Debt Service:			
Principal	208,163	208,163	200,661
Interest	-	-	19,110
Total Expenditures	5,561,174	5,992,486	6,000,985
Excess of Revenues Over (Under) Expenditures	170,515	329,314	606,410
Other Financing Sources (Uses)			
Debt Proceeds	-	-	-
Transfers In	13,545	29,545	29,545
Transfers Out to Others	-	-	(154)
Transfers Out	(455,984)	(751,784)	(751,784)
Total Other Financing Sources (Uses)	(442,439)	(722,239)	(722,393)
Net Change in Fund Balances	(271,924)	(392,925)	(115,983)
Fund Balances - 10/1/2012	753,296	863,296	1,077,003
Fund Balances - 9/30/2013	\$ 481,372	\$ 470,371	\$ 961,020

**Combining Balance Sheets
Non-Major Governmental Funds
September 30, 2013
Union County, Florida**

	Special Revenue Funds					
	Solid Waste	Community Development Block Grant	County Law Enforcement	Emergency Management	Public Library	Landfill Long-Term Care
Assets						
Cash and Equivalents	\$ 35,245	\$ (33)	\$ 20,384	\$ 64,470	\$ 104,464	\$ 358,136
Accounts Receivable	10,931	10,225	-	-	48	-
Due From Other Governments	8,780	-	93	35,046	-	-
Due From Other Funds	-	-	-	576	-	-
Inventory	-	-	-	-	-	-
Total Assets	\$ 54,956	\$ 10,192	\$ 20,477	\$ 100,092	\$ 104,512	\$ 358,136
Liabilities and Fund Balances						
Liabilities						
Accounts Payable and Accrued Expenses	\$ 44,209	\$ 10,190	\$ -	\$ 7,799	\$ 4,851	\$ 1,071
Due to Other Funds	-	-	-	-	-	-
Unearned Revenue	-	-	-	21,397	-	-
Total Liabilities	44,209	10,190	-	29,196	4,851	1,071
Fund Balances						
Restricted	10,747	2	20,477	-	99,661	78,673
Assigned	-	-	-	70,896	-	278,392
Total Fund Balances	10,747	2	20,477	70,896	99,661	357,065
Total Liabilities and Fund Balances	\$ 54,956	\$ 10,192	\$ 20,477	\$ 100,092	\$ 104,512	\$ 358,136

**Combining Balance Sheets
Non-Major Governmental Funds
September 30, 2013
Union County, Florida
(Concluded)**

	Special Revenue Funds					
	911	Sheriff Surcharge	Law Library	Clerk Records Modernization	Sheriff Inmate Welfare	Totals
Assets						
Cash and Equivalents	\$ 79,154	\$ 44,186	\$ 256	\$ 71,564	\$ 34,109	\$ 811,935
Accounts Receivable	-	-	-	-	-	21,204
Due From Other Governments	28,030	275	269	-	-	72,493
Due From Other Funds	-	-	-	1,031	-	1,607
Inventory	-	-	-	-	-	-
Total Assets	<u>\$ 107,184</u>	<u>\$ 44,461</u>	<u>\$ 525</u>	<u>\$ 72,595</u>	<u>\$ 34,109</u>	<u>\$ 907,239</u>
Liabilities and Fund Balances						
Liabilities						
Accounts Payable and Accrued Expenses	\$ 3,488	\$ -	\$ -	\$ -	\$ -	\$ 71,608
Due to Other Funds	4,515	-	-	-	-	4,515
Unearned Revenue	-	-	-	-	-	21,397
Total Liabilities	8,003	-	-	-	-	97,520
Fund Balances						
Restricted	99,181	44,461	525	72,595	34,109	460,431
Assigned	-	-	-	-	-	349,288
Total Fund Balances	<u>99,181</u>	<u>44,461</u>	<u>525</u>	<u>72,595</u>	<u>34,109</u>	<u>809,719</u>
Total Liabilities and Fund Balances	<u>\$ 107,184</u>	<u>\$ 44,461</u>	<u>\$ 525</u>	<u>\$ 72,595</u>	<u>\$ 34,109</u>	<u>\$ 907,239</u>

**Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non-Major Governmental Funds
For the Year Ended September 30, 2013
Union County, Florida**

	Special Revenue Funds					
	Solid Waste	Community Development Block Grant	County Law Enforcement	Emergency Management	Public Library	Landfil Long-Term Care
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 105,406	\$ -
Licenses and Permits	284,698	-	-	-	-	-
Intergovernmental	400,588	21,255	-	155,508	80,986	-
Charges for Services	118,385	-	-	-	-	-
Fines and Forfeitures	-	-	1,493	-	-	-
Miscellaneous Revenues	17,370	2	-	1,269	38,399	300,132
Total Revenues	821,041	21,257	1,493	156,777	224,791	300,132
Expenditures						
Current:						
General Government	-	-	-	-	-	-
Public Safety	-	-	143	196,379	-	-
Physical Environment	842,656	-	-	-	-	25,911
Economic Environment	-	21,255	-	-	-	-
Transportation	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	229,084	-
Court Related	-	-	-	-	-	-
Debt Service:						
Principal	19,788	-	-	-	-	-
Interest	3,905	-	-	-	-	-
Total Expenditures	866,349	21,255	143	196,379	229,084	25,911
Excess of Revenues Over (Under)						
Expenditures	(45,308)	2	1,350	(39,602)	(4,293)	274,221
Other Financing Sources (Uses)						
Debt Proceeds	-	-	-	-	-	-
Transfers In	9,232	-	-	17,943	-	35,000
Transfers Out	(35,000)	-	-	-	-	(21,608)
Total Other Financing Sources (Uses)	(25,768)	-	-	17,943	-	13,392
Net Change in Fund Balances	(71,076)	2	1,350	(21,659)	(4,293)	287,613
Fund Balances - 10/1/2012	81,823	-	19,127	92,555	103,954	69,452
Fund Balances - 9/30/2013	\$ 10,747	\$ 2	\$ 20,477	\$ 70,896	\$ 99,661	\$ 357,065

**Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non-Major Governmental Funds
For the Year Ended September 30, 2013
Union County, Florida
(Concluded)**

	Special Revenue Funds					
	911	Sheriff Surcharge	Law Library	Clerk Records Modernization	Sheriff Inmate Welfare	Totals
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	105,406
Licenses and Permits	-	-	-	-	-	284,698
Intergovernmental	185,553	-	-	-	-	843,890
Charges for Services	-	-	2,492	13,930	2,128	136,935
Fines and Forfeitures	-	5,287	-	3,052	-	9,832
Miscellaneous Revenues	59	(29)	(31)	-	-	357,171
Total Revenues	185,612	5,258	2,461	16,982	2,128	1,737,932
Expenditures						
Current:						
General Government	-	-	-	-	-	-
Public Safety	195,686	680	-	-	347	393,235
Physical Environment	-	-	-	-	-	868,567
Economic Environment	-	-	-	-	-	21,255
Transportation	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	229,084
Court Related	-	-	2,254	2,591	-	4,845
Debt Service:						-
Principal	-	-	-	-	-	19,788
Interest	-	-	-	-	-	3,905
Total Expenditures	195,686	680	2,254	2,591	347	1,540,679
Excess of Revenues Over (Under) Expenditures	(10,074)	4,578	207	14,391	1,781	197,253
Other Financing Sources (Uses)						
Debt Proceeds	-	-	-	-	-	-
Transfers In	33,804	-	-	-	-	95,979
Transfer Out to Others	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	(56,608)
Total Other Financing Sources (Uses)	33,804	-	-	-	-	39,371
Net Change in Fund Balances	23,730	4,578	207	14,391	1,781	236,624
Fund Balances - 10/1/2012	75,451	39,883	318	58,204	32,328	573,095
Fund Balances - 9/30/2013	\$ 99,181	\$ 44,461	\$ 525	\$ 72,595	\$ 34,109	\$ 809,719

Combining Statement of Fiduciary Net Position
September 30, 2013
Union County, Florida

	Agency Funds			
	Clerk of Circuit Court	Sheriff	Tax Collector	Total
Assets				
Cash and Equivalents	\$ 81,466	\$ 12,841	\$ 123,248	\$ 217,555
Receivables	3,427	-	-	3,427
Due From Other Funds	<u>926</u>	<u>-</u>	<u>-</u>	<u>926</u>
Total Assets	85,819	12,841	123,248	221,908
Liabilities and Fund Balances				
Liabilities				
Assets Held For Others	71,943	3,575	123,248	198,766
Accounts Payable	205	-	-	205
Due to Other Governments	-	9,266	-	9,266
Due to Other Funds	<u>13,671</u>	<u>-</u>	<u>-</u>	<u>13,671</u>
Total Liabilities	<u>85,819</u>	<u>12,841</u>	<u>123,248</u>	<u>221,908</u>
Net Position	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

**Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended September 30, 2013
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	V12030	16.575	35,234	35,234
U.S. Department of Health and Human Services,				
Passed through the Florida Department of Revenue				
Child Support Enforcement	CD363	93.563	107,363	62,698
Passed through the Florida Department of State				
Federal HHS VOTE Program Grant	MOA# 2012-2013-0003	93.617	730	730
Federal HHS VOTE Program Grant	MOA# 2012-2013-0001	93.617	1,855	1,855
Federal HHS VOTE Program Grant	MOA# 2013-2014-0002	93.617	4,410	4,410
Total CFDA 93.617			6,995	6,995
U.S. Department of Housing and Urban Development				
Passed through Florida Department of Economic Opportunity				
Community Development Bolck Grant (CDBG) Program	13DB-OI-03-73-01-H13	14.228	700,000	21,255
U.S. Department of Homeland Security				
Passed through the Florida Department of Law Enforcement				
Edward Byrne Memorial Justice Assistance - 2013 Crime Prevention	2013-JAGC-UNIO-1-D7-117	16.738	19,931	19,931
Passed through Florida Department of Community Affairs				
Emergency Management Planning - Performance Grant	13-FG-86-03-73-01-130	97.042	42,943	7,527
Emergency Management Planning - Performance Grant	14-FG-1M-03-73-01-130	97.042	42,934	9,617
Total CFDA 97.042			85,877	17,144
Emergency Management Planning - Planning, Training & Exercise	13-DS-20-03-73-01-184	97.067	20,000	15,000
U.S. Department of Agriculture Forest Service				
Passed through the Florida Department of Agriculture				
Volunteer Fire Assistance Grant	VFA617	10.664	5,465	5,465
Total Expenditures of Federal Assistance				\$ 183,722
State Grantor / Program Title				
Florida Department of Community Affairs				
Passed through Division of Emergency Management				
EMPA Base Grant	13-BG-83-03-73-01-063	31.063	\$ 105,806	\$ 91,762
EMPA Base Grant	14-BG-83-03-73-01-063	31.063	105,806	25,429
Total CSFA 31.063			211,612	117,191
Emergency Management Projects - Hazardous Planning & Prevention	13-CP-11-03-73-01-181	31.067	1,172	1,172
Florida Department of Health				
Emergency Medical Services Matching Grant	M2108	64.003	18,750	-
Florida Department of Environmental Protection				
Small County Consolidated Grant	331SC	37.012	70,588	70,588
Florida Department of Management Services				
E911 Rural County Grant Spring Program - E911 GIS Map Display	11-04-39	72.001	44,664	31,970
E911 Rural County Grant Fall Program -E911 Maintenance	12-10-20	72.001	34,881	34,881
E911 Rural County Grant Spring Program - E911 System Maintenance	13-4-23	72.001	3,419	3,419
Total CSFA 72.001			82,964	70,270
Florida Department of State and Secretary of State				
State Aid to Libraries - Operating Grant	12-ST-40	45.030	75,865	25,283
State Aid to Libraries - Operating Grant	13-ST-40	45.030	80,986	40,487
Total CSFA 45.030			156,851	65,770
Florida Housing Finance Agency				
State Housing Initiatives Partnership	2011/2012	52.901	350,000	21,562
State Housing Initiatives Partnership	2012/2013	52.901	25,000	-
State Housing Initiatives Partnership	2013/2014	52.901	350,000	-
Total CSFA 52.901			725,000	21,562
Florida Department of Transportation				
Small County Road Assistance Program (SCRAP) - CR-237	430726-1-58-01	55.016	736,800	706,526
Small County Outreach Program (SCOP) - CR-240E/240W	426036-1-58-01	55.009	1,166,764	861,315
Transit Service Development Grant	43030119412	55.012	500,000	377,713
State Highway Project Reimbursement - Traffic Signal	2012/2013	55.023	3,130	3,130
Total Expenditures of State Financial Assistance				\$ 2,295,237
Total Expenditures of Federal and State Financial Assistance				\$ 2,478,959

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, 2013
Union County, Florida**

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Licenses and Permits	\$ 301,720	\$ 301,720	\$ 284,698
Intergovernmental	399,684	399,684	400,588
Charges for Services	100,000	113,000	118,385
Miscellaneous Revenues	19,500	19,500	17,370
FS 129 Statutory Reduction	(21,061)	(21,061)	-
Total Revenues	799,843	812,843	821,041
Expenditures			
Current:			
Physical Environment	824,935	837,935	842,656
Debt Service:			
Principal	24,140	24,140	19,788
Interest	-	-	3,905
Total Expenditures	849,075	862,075	866,349
Excess of Revenues Over (Under) Expenditures	(49,232)	(49,232)	(45,308)
Other Financing Sources (Uses)			
Transfers In	9,232	9,232	9,232
Transfers Out	(35,000)	(35,000)	(35,000)
Total Other Financing Sources (Uses)	(25,768)	(25,768)	(25,768)
Net Change in Fund Balances	(75,000)	(75,000)	(71,076)
Fund Balances -October 1, 2012	75,000	75,000	81,823
Fund Balances -September 30, 2013	\$ -	\$ -	\$ 10,747

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 – Community Development Block Grant
For the Year Ended September 30, 2013
Union County, Florida**

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Intergovernmental	\$ -	\$ -	\$ 21,255
Miscellaneous Revenues	-	-	2
Total Revenues	-	-	21,257
Expenditures			
Current:			
Economic Environment	-	67,000	21,255
Excess of Revenues Over (Under) Expenditures	-	(67,000)	2
Other Financing Sources (Uses)			
Transfers In	-	67,000	-
Total Other Financing Sources (Uses)	-	67,000	-
Net Change in Fund Balances	-	-	2
Fund Balances -October 1, 2012	-	-	-
Fund Balances -September 30, 2013	\$ -	\$ -	\$ 2

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 - 911 Communications Account
For the Year Ended September 30, 2013
Union County, Florida**

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Intergovernmental	\$ 107,000	\$ 145,300	\$ 185,553
Miscellaneous Revenues	-	-	59
FS 129 Statutory Reduction	<u>(1,150)</u>	<u>(1,150)</u>	<u>-</u>
Total Revenues	105,850	144,150	185,612
Expenditures			
Current:			
Public Safety	<u>143,854</u>	<u>247,954</u>	<u>195,686</u>
Total Expenditures	<u>143,854</u>	<u>247,954</u>	<u>195,686</u>
Excess of Revenues Over (Under) Expenditures	(38,004)	(103,804)	(10,074)
Other Financing Sources (Uses)			
Transfers In	<u>38,004</u>	<u>33,804</u>	<u>33,804</u>
Net Change in Fund Balances	-	(70,000)	23,730
Fund Balances -October 1, 2012	<u>-</u>	<u>70,000</u>	<u>75,451</u>
Fund Balances -September 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 99,181</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 and use of fund balance reserves.

**Schedule of Revenues, Expenditures and
Changes in Fund Balances
Budget and Actual - County Law Enforcement
For the Year Ended September 30, 2013
Union County, Florida**

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Fines and Forfeitures	\$ 2,000	\$ 2,000	\$ 1,493
FS 129 Statutory Reduction	<u>(100)</u>	<u>(100)</u>	<u>-</u>
Total Revenues	1,900	1,900	1,493
Expenditures			
Current:			
Public Safety	<u>21,900</u>	<u>21,900</u>	<u>143</u>
Total Expenditures	<u>21,900</u>	<u>21,900</u>	<u>143</u>
Net Change in Fund Balances	(20,000)	(20,000)	1,350
Fund Balances -October 1, 2012	<u>20,000</u>	<u>20,000</u>	<u>19,127</u>
Fund Balances -September 30, 2013	\$ <u>-</u>	\$ <u>-</u>	\$ <u>20,477</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 and 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, 2013
Union County, Florida**

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Intergovernmental	\$ 149,921	\$ 149,921	\$ 155,508
Miscellaneous Revenues	-	-	1,269
Total Revenues	149,921	149,921	156,777
Expenditures			
Current:			
Public Safety	192,864	192,864	196,379
Excess of Revenues Over (Under) Expenditures	(42,943)	(42,943)	(39,602)
Other Financing Sources (Uses)			
Transfers In	17,943	17,943	17,943
Total Other Financing Sources (Uses)	17,943	17,943	17,943
Net Change in Fund Balances	(25,000)	(25,000)	(21,659)
Fund Balances -October 1, 2012	25,000	25,000	92,555
Fund Balances -September 30, 2013	\$ -	\$ -	\$ 70,896

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, 2013
Union County, Florida**

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Taxes	\$ 109,976	\$ 109,976	\$ 105,406
Intergovernmental	75,865	75,865	80,986
Miscellaneous Revenues	33,000	23,000	38,399
FS 129 Statutory Reduction	<u>(6,649)</u>	<u>(6,649)</u>	<u>-</u>
Total Revenues	212,192	202,192	224,791
Expenditures			
Current:			
Culture and Recreation	<u>275,192</u>	<u>265,192</u>	<u>229,084</u>
Total Expenditures	<u>275,192</u>	<u>265,192</u>	<u>229,084</u>
Net Change in Fund Balances	(63,000)	(63,000)	(4,293)
Fund Balances -October 1, 2012	<u>63,000</u>	<u>63,000</u>	<u>103,954</u>
Fund Balances -September 30, 2013	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>99,661</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, 2013
Union County, Florida**

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Miscellaneous Revenues	\$ -	\$ 300,000	\$ 300,132
Total Revenues	-	300,000	300,132
Expenditures			
Current:			
Physical Environment	13,000	28,000	25,911
Total Expenditures	13,000	28,000	25,911
Excess of Revenues Over (Under) Expenditures	(13,000)	272,000	274,221
Other Financing Sources (Uses)			
Transfers In	35,000	35,000	35,000
Transfers Out	-	(21,608)	(21,608)
Total Other Financing Sources (Uses)	35,000	13,392	13,392
Net Change in Fund Balances	22,000	285,392	287,613
Fund Balances -October 1, 2012	45,000	45,000	69,452
Fund Balances -September 30, 2013	\$ 67,000	\$ 330,392	\$ 357,065

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, 2013
Union County, Florida**

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Charges for Services	\$ 2,100	\$ 2,100	\$ 2,492
Miscellaneous Revenues	-	-	(31)
FS 129 Statutory Reduction	(105)	(105)	-
Total Revenues	1,995	1,995	2,461
Expenditures			
Current:			
Court Related	2,095	2,095	2,254
Total Expenditures	2,095	2,095	2,254
Net Change in Fund Balances	(100)	(100)	207
Fund Balances -October 1, 2012	100	100	318
Fund Balances -September 30, 2013	\$ -	\$ -	\$ 525

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, 2013
Union County, Florida**

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Fines and Forfeitures	\$ 6,800	\$ 6,800	\$ 5,287
Miscellaneous Revenues	-	-	(29)
FS 129 Statutory Reduction	<u>(340)</u>	<u>(340)</u>	<u>-</u>
Total Revenues	6,460	6,460	5,258
Expenditures			
Current:			
Public Safety	<u>46,460</u>	<u>46,460</u>	<u>680</u>
Total Expenditures	<u>46,460</u>	<u>46,460</u>	<u>680</u>
Net Change in Fund Balances	(40,000)	(40,000)	4,578
Fund Balances -October 1, 2012	<u>40,000</u>	<u>40,000</u>	<u>39,883</u>
Fund Balances -September 30, 2013	\$ <u>-</u>	\$ <u>-</u>	\$ <u>44,461</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.

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

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

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

We have audited the financial statements of Union County, Florida, as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated June 24, 2014.

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditors' Report on Compliance for Each Major State Project and Report on Internal Control over Compliance in Accordance with Chapter 10.550 Rules of the Florida Auditor General, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated June 24, 2014, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports or schedule:

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that Union County, Florida complied with Section 218.415, Florida Statutes.

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- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. Our audit disclosed the following matters required to be disclosed by the Rules of the Auditor General (Section 10.554(1)(i)3.):

2013-01 – Excess of Expenditures over Appropriations— For the year ended September 30, 2013, the General fund's total expenditures exceeded appropriations by \$8,653, the Emergency Medical Service Fund's total expenditures exceeded appropriations by \$342,174, the Solid Waste Fund's total expenditures exceeded appropriations by \$4,274, the Law Library Fund's total expenditures exceeded appropriations by \$159, and the Emergency Management Fund's total expenditures exceeded appropriations by \$3,515. Expenditures over budget in the Emergency Medical Service Funds were caused by a \$350,000 increase in the estimated allowance for uncollectible accounts. Expenditures over budget in non-major funds were caused by unanticipated revenue that required budget amendments to expend, however no such amendments were executed. We recommend the Union County, Florida amend the budget allowed by Florida Statutes within 60 days of year-end so that expenditures do not exceed appropriations.

- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. Union County, Florida was established by Chapter 8516, Laws of Florida in 1921. The Clerk of Circuit Court serves as Clerk to the Board pursuant to Section 215.17, Florida Statutes. Union County, Florida included the following component unit: The Union County Special Library District.
- Section 10.554(1)(i)6.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that Union County, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)6.b., Rules of the Auditor General, requires that we determine whether the annual financial report for Union County, Florida for the fiscal year ended September 30, 2013, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2013. In connection with our audit, we determined that these two reports were in agreement.

- Pursuant to Sections 10.554(1)(i)6.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor Union County, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

James Murre + Co., P.L.

Gainesville, Florida
June 24, 2014

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Union County, Florida as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise Union County, Florida's basic financial statements, and have issued our report thereon dated June 24, 2014.

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

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Gainesville, Florida
June 24, 2014

James Moore & Co., P.L.

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

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

Report on Compliance for Each Major State Project

We have audited Union County, Florida's compliance with the types of compliance requirements described in the *Department of Financial Services*' State Projects Compliance Supplement that could have a direct and material effect on each of Union County, Florida's major State projects for the year ended September 30, 2013. Union County, Florida's major State projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Union County, Florida's major State projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General. Those standards and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State project occurred. An audit includes examining, on a test basis, evidence about the Union County, Florida's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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Opinion on Each Major State Project

In our opinion, Union County, Florida complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State projects for the year ended September 30, 2013.

Report on Internal Control over Compliance

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

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

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

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

James Maru + Co., P.L.

Gainesville, Florida
June 24, 2014

**UNION COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Section I. Summary of Auditors' Results:

Financial Statements

Type of auditors' report issued: Qualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? Yes X No

State Financial Assistance

Internal control over major state financial assistance projects:

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

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

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

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

CSFA No. 55.016, Small County Road Assistance Program (SCRAP)

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

Section II. Financial Statement Findings: None.

Section III. State Financial Assistance Findings and Questioned Costs: None.

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

**UNION COUNTY, FLORIDA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Section I. Summary of Prior Year Financial Statement Findings:

12-01 - Internal Controls over Fuel Inventory: Corrective action taken.

12-02 - Budget Amendments: Corrective action taken.

12-03 - Physical Inventory of Property: Corrective action taken.

12-04 - Financial Statement Preparation: Corrective action taken.

12-05 - Budget Transparency: Corrective action taken.

12-06 - Pledged Collateral: Corrective action taken.

12-07 - EMS Accounts Receivable: Corrective action taken.

12-08 - Contract with Health Department: Corrective action taken.

Section II. Summary of Prior Year Findings and Questioned Costs - Federal Awards and State Financial Assistance:

12-09 - Emergency Management Grants: Corrective action taken.

UNION COUNTY BOARD OF COUNTY COMMISSION

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

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HANNOND@UNIONCLERK.COM

June 23, 2014

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 Commissioners for the fiscal year ended September 30, 2013 that was conducted by James Moore & Company.

2013-01 – Excess of Expenditures over Appropriations

In the future, the County will ensure that amendments are made throughout the year to increase expenditures for any unanticipated revenue or increases in management estimates.

Sincerely,



James A. Tallman
Chairman of the Board



Kellie H. 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, 2013**

**Special Purpose Financial Statements
and
Independent Auditors' Report
Union County Clerk of the Circuit Court
September 30, 2013
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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying special purpose financial statements of each major fund and the aggregate remaining fund information of the Union County Clerk of the Circuit Court, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

- 1 -

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Union County Clerk of the Circuit Court as of September 30, 2013, and the respective changes in financial position for the year then ended in conformity with the financial reporting provisions of the State of Florida Auditor General, as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements were prepared for the purpose of complying with, and on the basis of, accounting practices prescribed by the Rules of the Auditor General, State of Florida, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Emphasis of Matter

As discussed in Note 1, these financial statements of the Union County Clerk of the Circuit Court are intended to present the financial position and the changes in financial position of only that portion of the governmental activities, each major fund, and the aggregate remaining fund information of Union County, Florida, that is attributable to the transactions of the Union County Clerk of the Circuit Court. They do not purport to, and do not, present fairly the financial position of Union County, Florida as of September 30, 2013, the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Union County Clerk of the Circuit Court's basic financial statements. The Combining Statement of Fiduciary Net Position is presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 24, 2014 on our consideration of the Union County Clerk of the Circuit Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Union County Clerk of the Circuit Court's internal control over financial reporting and compliance.

Restriction on Use

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

James Moore & Co., P.L.

Gainesville, Florida
June 24, 2014

**Balance Sheet
Governmental Funds
September 30, 2013
Union County Clerk of the Circuit Court**

	<u>General Fund</u>	<u>Records Modernization</u>	<u>Total Governmental Funds</u>
Assets			
Cash and Equivalents	\$ 269,334	\$ 71,564	\$ 340,898
Receivables	82	-	82
Due From Other Funds	11,714	1,031	12,745
Due From Other Governments	<u>102,349</u>	<u>-</u>	<u>102,349</u>
Total Assets	<u>\$ 383,479</u>	<u>\$ 72,595</u>	<u>\$ 456,074</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable and Accrued Expenses	\$ 60,832	\$ -	\$ 60,832
Due to Other Governments	<u>43,402</u>	<u>-</u>	<u>43,402</u>
Total Liabilities	104,234	-	104,234
Fund Balances			
Restricted	<u>279,245</u>	<u>72,595</u>	<u>351,840</u>
Total Fund Balances	<u>279,245</u>	<u>72,595</u>	<u>351,840</u>
Total Liabilities and Fund Balances	<u>\$ 383,479</u>	<u>\$ 72,595</u>	<u>\$ 456,074</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, 2013
Union County Clerk of the Circuit Court**

	General Fund	Records Modernization	Total Governmental Funds
Revenues:			
Intergovernmental Revenue	\$ 539,001	\$ -	\$ 539,001
Charges for Services	76,000	13,930	89,930
Fines and Forfeitures	-	3,052	3,052
Miscellaneous Revenue	40	-	40
	<hr/>	<hr/>	<hr/>
Total Revenues	615,041	16,982	632,023
Expenditures:			
Current:			
General Government	266,398	-	266,398
Court Related	524,504	2,591	527,095
	<hr/>	<hr/>	<hr/>
Total Expenditures	790,902	2,591	793,493
	<hr/>	<hr/>	<hr/>
Excess Revenues Over (Under) Expenditures	(175,861)	14,391	(161,470)
Other Financing Sources (Uses)			
Appropriation from Board of County Commissioners	290,578	-	290,578
Reversion to Board of County Commissioners	(43,401)	-	(43,401)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	247,177	-	247,177
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balance	71,316	14,391	85,707
Fund Balances-October 1, 2012	207,929	58,204	266,133
	<hr/>	<hr/>	<hr/>
Fund Balances-September 30, 2013	\$ 279,245	\$ 72,595	\$ 351,840
	<hr/>	<hr/>	<hr/>

The notes to financial statements are integral to this statement.

Statement of Fiduciary Net Position
Agency Funds
September 30, 2013
Union County Clerk of the Circuit Court

	<u>Agency Funds</u>
Assets	
Cash and Equivalents	\$ 81,466
Receivables	3,427
Due From Other Funds	926
Due From Other Governments	<u>-</u>
Total Assets	<u><u>\$ 85,819</u></u>
Liabilities	
Assets Held for Others	\$ 71,943
Accounts Payable and Accrued Expenses	205
Due to Other Funds	13,671
Due to Other Governments	<u>-</u>
Total Liabilities	<u><u>\$ 85,819</u></u>

The notes to financial statements are integral to this statement.

**Notes to Financial Statements
September 30, 2013
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, Domestic Relations Fund and Registry of Court Fund.

Notes to Financial Statements
September 30, 2013
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. The Clerk considers revenues to be available if they are collected within 90 days of the end of the current fiscal period.

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

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 banks that qualify 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, 2013
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, 2013, 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 that are restricted to meet general and court related operational expenditures. 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 10/01/12</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 09/30/13</u>	<u>Amount Due Within a Year</u>
Compensated Absences	\$ 62,398	\$ -	\$ 17,636	\$ 44,762	\$ 14,921

Notes to Financial Statements
September 30, 2013
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 – Excess Revenues

Effective July 1, 2013, all fees, service charges, court costs, and fines collected are to be retained to fund the Clerk's court operations. Based on the legal opinion provided by Clerks of Court Operations Corporation general counsel of the provisions of Section 28.37(3), F.S., which was adopted as policy by the CCOC Finance and Budget Committee, all excess court-related funds have been included in a fund liability, Due to Other Governments.

Note 6 - Pension Plan

Plan Description. The Office contributes to the Florida Retirement System Pension Plan (Pension Plan), a cost-sharing, multiple-employer public employee retirement system administered by the state of Florida Department of Administration, Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes, establishes the authority for participant eligibility, contribution requirements, vesting eligibility, and benefit provisions. The Pension Plan issues a publicly available financial report that includes financial statements, 10-year historical trend information, and other required supplementary information. That report may be obtained by writing to: State of Florida Department of Administration Division of Retirement, Cedars Executive Center, Building C 2639 North Monroe Street, Tallahassee, Florida 32399-1560.

The Pension Plan provides vesting of benefits after six years of creditable service. Regular members are eligible for normal retirement after six years of service and attaining age 62, or 30 years of service regardless of age. Early retirement may be taken any time after completing six years of service; however, there is a 5% benefit reduction for each year prior to normal retirement. Regular members who joined the Pension Plan on or after July 1, 2011 are subject to vesting of benefits after eight years of creditable service and eligible for normal retirement after eight years of service and attaining age 65, or 33 years of service regardless of age.

The Deferred Retirement Option Program (DROP), implemented on July 1, 1998, is a program that allows the employee to retire without terminating employment for up to five years while retirement benefits accumulate and earn interest compounded monthly at an effective annual rate of 6.5% for FRS Pension Plan members with an effective DROP begin date before July 1, 2011. For FRS Pension Plan members with an effective DROP begin date on or after July 1, 2011, the annual rate is 1.3%. This program is available to eligible members of the Florida Retirement System who are in the FRS Pension Plan. Employee participation in DROP does not change the employee's condition of employment. When the DROP period ends, the employee must terminate employment. At that time, the employee will receive the accumulated DROP benefits and begin receiving monthly retirement benefits. Eligible members may participate in DROP when they reached the normal retirement date. If an employee reaches normal retirement before the age of 57, the employee may elect to defer the DROP election until age 57.

Notes to Financial Statements
September 30, 2013
Union County Clerk of the Circuit Court
(Continued)

Note 6 - Pension Plan (concluded)

As of June 1, 2003, the FRS offered members the option of participating in the Florida Retirement System Investment Plan (Investment Plan), a defined contribution plan qualified under Section 401(a) of the Internal Revenue Code. The Investment Plan is administered by the state of Florida Department of Administration, Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes, establishes the authority for participant eligibility, contribution requirements, vesting eligibility, and benefit provisions. The Investment Plan provides vesting of benefits after one year of creditable service. Employees were eligible to make an election to participate in the Investment Plan instead of the Pension Plan. Existing employees may make the election beginning December 1, 2003. New employees may make the election within five months of their month of hire. Participants in the Investment Plan also have a one-time opportunity to switch back to the Pension Plan at any time by "buying back" into the Pension Plan. The rates for the Investment Plan are the same as the Pension Plan.

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>10/1/12 - 6/30/13</u>	<u>7/1/13 - 9/30/13</u>
Regular Employees	5.18%	6.95%
DROP Employees	5.44%	12.84%
Special Risk Employees	14.90%	19.06%
Senior Management Employees	6.30%	18.31%
Elected Officials	10.23%	33.03%

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, 2013, 2012, and 2011 were \$71,443, \$20,989 and \$43,324, respectively, and are equal to the required contributions for each year.

Note 7 - 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 \$13,671 was recorded as of September 30, 2013.

**Notes to Financial Statements
September 30, 2013
Union County Clerk of the Circuit Court
(Concluded)**

Note 7 - Interfund Balances (concluded)

At September 30, 2013, interfund balances consisted of:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 11,714	\$ -
Special Revenue Funds:		
Records Modernization	1,031	-
Agency Funds:		
General Agency	-	13,671
Registry of Court	<u>926</u>	<u>-</u>
Total	<u>\$ 13,671</u>	<u>\$ 13,671</u>

Note 8 – Budgets and Budgetary Accounting

Governmental fund revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with the Florida Statutes. An annual budget was adopted for the General Fund and the Records Modernization Fund. All budget amounts presented in the accompanying special purpose financial statements have been adjusted for legally authorized amendments of the annual budget for the year. A budget was adopted for the Court Fund and approved by the Florida Clerk of Courts Operations Corporation. Budgets are prepared on the modified basis of accounting. The Clerk's annual budgets are monitored at varying levels of classification detail. However, for purposes of budgetary control, expenditures cannot legally exceed the total budget appropriations at the individual fund level. All appropriations lapse at year-end.

Required Supplementary Information

**Schedule of Revenues, Expenditures and
Changes in Fund Balances - General Fund
Budget and Actual
For the Year Ended September 30, 2013
Union County Clerk of the Circuit Court**

	Budgeted Amounts		
	Original	Final	Actual
Revenues:			
Intergovernmental	\$ 529,258	\$ 529,258	\$ 539,001
Charges for Services	35,000	35,000	76,000
Miscellaneous Revenue	-	-	40
Total Revenues	564,258	564,258	615,041
Expenditures			
Current:			
General Government Services	234,688	234,688	266,398
Court Related	534,997	534,997	524,504
Total Expenditures	769,685	769,685	790,902
Excess Revenues Over (Under) Expenditures	(205,427)	(205,427)	(175,861)
Other Financing Sources (Uses)			
Appropriations From Board of County Commissioners	290,578	290,578	290,578
Reversion to Board of County Commissioners	(45,000)	(45,000)	(43,401)
Total Other Financing Sources (Uses)	245,578	245,578	247,177
Net Change in Fund Balances	40,151	40,151	71,316
Fund Balance - October 1, 2012	217,296	217,296	207,929
Fund Balance - September 30, 2013	\$ 257,447	\$ 257,447	\$ 279,245

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, 2013
Union County Clerk of the Circuit Court**

	Budgeted Amounts		
	Original	Final	Actual
Revenues:			
Charges for Services	\$ 13,100	\$ 13,100	\$ 13,930
Fines and Forfeitures	2,900	2,900	3,052
Miscellaneous Income	(1,000)	(1,000)	-
Total Revenues	15,000	15,000	16,982
Expenditures			
Current:			
Court Related	10,740	10,740	2,591
Total Expenditures	10,740	10,740	2,591
Excess Revenues Over (Under) Expenditures	4,260	4,260	14,391
Fund Balance - October 1, 2012	58,204	58,204	58,204
Fund Balance - September 30, 2013	\$ 62,464	\$ 62,464	\$ 72,595

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 Position
Agency Funds
September 30, 2013
Union County Clerk of the Circuit Court

	General Agency Fund	Domestic Relations Fund	Registry of Court Fund	Total Agency Funds
Assets				
Cash and Equivalents	\$ 29,495	\$ 800	\$ 51,171	\$ 81,466
Receivables	3,202	225	-	3,427
Due From Other Funds	-	-	926	926
Due From Other Governments	-	-	-	-
Total Assets	\$ 32,697	\$ 1,025	\$ 52,097	\$ 85,819
Liabilities				
Assets Held for Others	\$ 19,026	\$ 820	\$ 52,097	\$ 71,943
Accounts Payable and Accrued Expenses	-	205	-	205
Due to Other Funds	13,671	-	-	13,671
Due to Other Governments	-	-	-	-
Total Liabilities	\$ 32,697	\$ 1,025	\$ 52,097	\$ 85,819

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

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

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

We have audited the financial statements of the Union County Clerk of the Circuit Court, as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated June 24, 2014.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, and Schedule of Findings. Disclosures in those reports and schedule, which are dated June 24, 2014, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports or schedule:

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Union County Clerk of the Circuit Court complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

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- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Union County Clerk of the Circuit Court is an elected constitutional officer, whose office is established by Article VIII of the Constitution of the State of Florida and is governed by various provisions of state law. Union County, including the Office of the Clerk of the Circuit Court, was established by Chapter 8516, Laws of Florida in 1921. There are no component units of the Union County Clerk of the Circuit Court to be disclosed as required by accounting principles generally accepted in the United States of America.
- Section 10.554(1)(i)7., Rules of the Auditor General, requires a statement as to whether or not the clerk of the courts complied with the requirements of Sections 28.35 and 28.36, Florida Statutes. In connection with our audit, we determined that the clerk complied with such requirements.

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

James Murre + Co., P.L.

Gainesville, Florida
June 24, 2014

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the special purpose financial statements of the Union County Clerk of the Circuit Court as of and for the year ended September 30, 2013, and the related notes to the financial statements, and have issued our report thereon dated June 24, 2014, which was modified to refer to a basis of accounting required for compliance with state filing requirements, and for other reasons.

Internal Control over Financial Reporting

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

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

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

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material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings as item 2013-01 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 the Circuit Court's special purpose financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Union County Clerk of the Circuit Court's Response to Findings

The Union County Clerk of the Circuit Court's responses to the findings identified in our audit are described in the accompanying management's response to audit findings. The Union County Clerk of the Circuit Court's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

James Moore & Co., P.L.

Gainesville, Florida
June 24, 2014

**UNION COUNTY CLERK OF THE CIRCUIT COURT
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

2013-01 Disbursement Controls

Criteria: Expenditures should be properly authorized and documented before payment is processed.

Condition: During our testing for the fiscal year ended September 30, 2013, we noted two instances where the supporting documentation did not include evidence that the disbursement was authorized to be paid.

Cause: There was no formal process in place in the Clerk's finance department that required all disbursements to be authorized before payment is processed.

Effect: The invoices were paid for before proper authorization was obtained.

Context: Two expenditures were paid prior to obtaining proper authorization. However, we did note that these disbursements were made under the predecessor Clerk of Circuit Court.

Recommendation: To improve internal control over disbursements, we recommend that a written policy and procedure be established that requires all disbursements to be properly authorized and documented prior to payment being processed and communicate that policy and procedure to employees.

Management's Response: See page 21.



Kellie Hendricks Connell, CPA

CLERK OF CIRCUIT COURT & COMPTROLLER
UNION COUNTY, FLORIDA

June 16, 2014

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, 2013 that was conducted by James Moore & Company.

Authorization of Disbursements

Testing of disbursements found that some were issued without proper authorization by the Clerk. The current administration assumed office on January 8, 2013, three months into the fiscal year. The disbursements in question were all issued prior to that date, and not under the current administration. Upon taking office, internal controls were established to ensure that all disbursements are properly authorized by the Clerk. This deficiency was corrected even prior to the audit, and should not present a weakness in the future.

Sincerely,

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

UNION COUNTY COURTHOUSE
55 WEST MAIN STREET, ROOM 103 • LAKE BUTLER, FL 32054
PHONE (386) 496-3711 • FAX (386) 496-1718 • ConnellK@unionclerk.com

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

UNION COUNTY SHERIFF

SEPTEMBER 30, 2013

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

Union County Sheriff

September 30, 2013

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying special purpose financial statements of each major fund and the aggregate remaining fund information of the Union County Sheriff, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Union County Sheriff as of September 30, 2013, and the respective changes in financial position for the year then ended in conformity with the financial reporting provisions of the State of Florida Auditor General, as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements were prepared for the purpose of complying with, and on the basis of, accounting practices prescribed by the Rules of the Auditor General, State of Florida, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Emphasis of Matter

As discussed in Note 1, these financial statements of the Union County Sheriff are intended to present the financial position and the changes in financial position of only that portion of the governmental activities, each major fund, and the aggregate remaining fund information of Union County, Florida, that is attributable to the transactions of the Union County Sheriff. They do not purport to, and do not, present fairly the financial position of Union County, Florida as of September 30, 2013, the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Union County Sheriff's basic financial statements. The Combining Statement of Fiduciary Net Position is presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 24, 2014 on our consideration of the Union County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Union County Sheriff's internal control over financial reporting and compliance.

Restriction on Use

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

James Murre + Co., P.L.

Gainesville, Florida
June 24, 2014

**Balance Sheet
Governmental Funds
September 30, 2013
Union County Sheriff**

	General Fund	<u>Special Revenue</u> Inmate Welfare Fund	Total Governmental Funds
Assets			
Cash and Equivalents	\$ 196,781	\$ 34,109	\$ 230,890
	<u> </u>	<u> </u>	<u> </u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable and Accrued Expenses	\$ 187,724	\$ -	\$ 187,724
Due to Other Governments	9,057	-	9,057
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	196,781	-	196,781
Fund Balances			
Restricted	-	34,109	34,109
Unassigned	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	-	34,109	34,109
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	\$ 196,781	\$ 34,109	\$ 230,890
	<u> </u>	<u> </u>	<u> </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, 2013
Union County Sheriff**

	<u>General Fund</u>	<u>Special Revenue Inmate Welfare Fund</u>	<u>Total Governmental Funds</u>
Revenues			
Charges for Services	\$ -	\$ 2,128	\$ 2,128
Miscellaneous Income	6,300	-	6,300
Total Revenues	6,300	2,128	8,428
Expenditures			
Current:			
General Government	21,730	-	21,730
Public Safety	1,863,064	347	1,863,411
Total Expenditures	1,884,794	347	1,885,141
Excess Revenues Over (Under) Expenditures	(1,878,494)	1,781	(1,876,713)
Other Financing Sources (Uses)			
Appropriations from Board of County Commissioners	1,887,551	-	1,887,551
Reversion to Board of County Commissioners	(9,057)	-	(9,057)
Total Other Financing Sources (Uses)	1,878,494	-	1,878,494
Net Change in Fund Balances	-	1,781	1,781
Fund Balances - October 1, 2012	-	32,328	32,328
Fund Balances - September 30, 2013	\$ -	\$ 34,109	\$ 34,109

The notes to financial statements are integral to this statement.

**Statement of Fiduciary Net Position
September 30, 2013
Union County Sheriff**

	<u>Agency Fund</u>
Assets	
Cash and Equivalents	\$ 12,841
Liabilities	
Assets Held For Others	3,575
Due to Other Governments	<u>9,266</u>
Total Liabilities	<u>12,841</u>
Net Position	\$ <u><u>-</u></u>

The notes to financial statements are integral to this statement.

**Notes to Financial Statements
September 30, 2013
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, 2013
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. The Sheriff considers revenues to be available if they are collected within 90 days of the end of the current fiscal period.

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

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, 2013
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, 2013, 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, 2013
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 \$29,367 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 10/1/12		Increases		Decreases		Balance 9/30/13
Capital Assets Being Depreciated:							
Machinery and Equipment	\$ 996,269	\$	70,905	\$	28,300	\$	1,038,874
Building and Improvements	22,317		-		-		22,317
Vehicles	809,832		94,100		22,666		881,266
Computer Software	103,475		-		-		103,475
Total Capital Assets Being Depreciated	1,931,893		165,005		50,966		2,045,932
Less Accumulated Depreciation For:							
Machinery and Equipment	488,093		187,776		25,556		650,313
Building and Improvements	1,116		1,116		-		2,232
Vehicles	571,448		78,994		13,303		637,139
Computer Software	76,432		-		-		76,432
Total Accumulated Depreciation	1,137,089		267,886		38,859		1,366,116
Total Capital Assets, Net	\$ 794,804	\$	(102,881)	\$	12,107	\$	679,816

Depreciation expense of \$267,886 was charged to the public safety function of the County.

Notes to Financial Statements
September 30, 2013
Union County Sheriff
(Continued)

Note 6 - Changes in Long-Term Debt

A summary of changes in long-term debt follows:

	<u>Balance</u> <u>10/1/12</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>9/30/13</u>	<u>Amount Due</u> <u>in One Year</u>
Compensated					
Absences	\$ 78,027	\$ -	\$ 3,017	\$ 75,010	\$ 24,753

Note 7 - Pension Plan

Plan Description. The Office contributes to the Florida Retirement System Pension Plan (Pension Plan), a cost-sharing, multiple-employer public employee retirement system administered by the state of Florida Department of Administration, Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes, establishes the authority for participant eligibility, contribution requirements, vesting eligibility, and benefit provisions. The Pension Plan issues a publicly available financial report that includes financial statements, 10-year historical trend information, and other required supplementary information. That report may be obtained by writing to: State of Florida Department of Administration Division of Retirement, Cedars Executive Center, Building C 2639 North Monroe Street, Tallahassee, Florida 32399-1560.

The Pension Plan provides vesting of benefits after six years of creditable service. Regular members are eligible for normal retirement after six years of service and attaining age 62, or 30 years of service regardless of age. Early retirement may be taken any time after completing six years of service; however, there is a 5% benefit reduction for each year prior to normal retirement. Regular members who joined the Pension Plan on or after July 1, 2011 are subject to vesting of benefits after eight years of creditable service and eligible for normal retirement after eight years of service and attaining age 65, or 33 years of service regardless of age.

The Deferred Retirement Option Program (DROP), implemented on July 1, 1998, is a program that allows the employee to retire without terminating employment for up to five years while retirement benefits accumulate and earn interest compounded monthly at an effective annual rate of 6.5% for FRS Pension Plan members with an effective DROP begin date before July 1, 2011. For FRS Pension Plan members with an effective DROP begin date on or after July 1, 2011, the annual rate is 1.3%. This program is available to eligible members of the Florida Retirement System who are in the FRS Pension Plan. Employee participation in DROP does not change the employee's condition of employment. When the DROP period ends, the employee must terminate employment. At that time, the employee will receive the accumulated DROP benefits and begin receiving monthly retirement benefits. Eligible members may participate in DROP when they reached the normal retirement date. If an employee reaches normal retirement before the age of 57, the employee may elect to defer the DROP election until age 57.

**Notes to Financial Statements
September 30, 2013
Union County Sheriff
(Concluded)**

Note 7 - Pension Plan (concluded)

As of June 1, 2003, the FRS offered members the option of participating in the Florida Retirement System Investment Plan (Investment Plan), a defined contribution plan qualified under Section 401(a) of the Internal Revenue Code. The Investment Plan is administered by the state of Florida Department of Administration, Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes, establishes the authority for participant eligibility, contribution requirements, vesting eligibility, and benefit provisions. The Investment Plan provides vesting of benefits after one year of creditable service. Employees were eligible to make an election to participate in the Investment Plan instead of the Pension Plan. Existing employees may make the election beginning December 1, 2003. New employees may make the election within five months of their month of hire. Participants in the Investment Plan also have a one-time opportunity to switch back to the Pension Plan at any time by "buying back" into the Pension Plan. The rates for the Investment Plan are the same as the Pension Plan.

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>10/1/12-6/30/13</u>	<u>7/1/13-9/30/13</u>
Regular Employees	5.18%	6.95%
DROP Employees	5.44%	12.84%
Special Risk Employees	14.90%	19.06%
Senior Management Employees	6.30%	18.31%
Elected Officials	10.23%	33.03%

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, 2013, 2012, and 2011 were \$103,462, \$90,514 and \$135,603 respectively, and are equal to the required contributions for each year.

Note 8 – Budgets and Budgetary Accounting

Governmental fund revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with the Florida Statutes. An annual budget was adopted for the General Fund. In that the Inmate Welfare expenditures are restricted by Florida Statutes, there was no budget approved by the Board of County Commissioners. All budget amounts presented in the accompanying special purpose financial statements have been adjusted for legally authorized amendments of the annual budget for the year. Budgets are prepared on the modified basis of accounting. The Sheriff annual budgets are monitored at varying levels of classification detail. However, for purposes of budgetary control, expenditures cannot legally exceed the total budget appropriations at the individual fund level. All appropriations lapse at year-end.

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – General Fund
For the Year Ended September 30, 2013
Union County Sheriff

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Miscellaneous Revenue	\$ -	\$ -	\$ 6,300
Total Revenues	-	-	6,300
Expenditures			
Current:			
General Government	22,370	22,370	21,730
Public Safety	1,716,922	1,865,181	1,863,064
Total Expenditures	1,739,292	1,887,551	1,884,794
Excess of Revenues Over (Under) Expenditures	(1,739,292)	(1,887,551)	(1,878,494)
Other Financing Sources (Uses)			
Appropriations from Board of County Commissioners	1,739,292	1,887,551	1,887,551
Reversion to Board of County Commissioners	-	-	(9,057)
Total Other Financing Sources (Uses)	1,739,292	1,887,551	1,878,494
Net Change in Fund Balances	-	-	-
Fund Balances - October 1, 2012	-	-	-
Fund Balances - September 30, 2013	\$ -	\$ -	\$ -

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.

Supplemental Information

Combining Statement of Fiduciary Net Position
Agency Funds
September 30, 2013
Union County Sheriff

	<u>Fines & Bonds Fund</u>	<u>Individual / Suspense</u>	<u>Total Agency Funds</u>
Assets			
Cash and Equivalents	\$ 3,575	\$ 9,266	\$ 12,841
Liabilities			
Assets Held For Others	3,575	-	3,575
Due to Other Governments	<u>-</u>	<u>9,266</u>	<u>9,266</u>
Total Liabilities	<u>3,575</u>	<u>9,266</u>	<u>12,841</u>
Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

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

We have audited the financial statements of the Union County Sheriff, as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated June 24, 2014.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports, which are dated June 24, 2014, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports or schedule:

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations made in the preceding annual financial audit report.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Union County Sheriff complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

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- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Union County Sheriff is an elected constitutional officer, whose office is established by Article VIII of the Constitution of the State of Florida and is governed by various provisions of state law. Union County, including the Office of the Sheriff, was established by Chapter 8516, Laws of Florida in 1921. There are no component units of the Union County Sheriff to be disclosed as required by accounting principles generally accepted in the United States of America.

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

Gainesville, Florida
June 24, 2014

James Moore & Co., P.L.

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the special purpose financial statements of the Union County Sheriff as of and for the year ended September 30, 2013, and the related notes to the financial statements, and have issued our report thereon dated June 24, 2014, which was modified to refer to a basis of accounting required for compliance with state filing requirements, and for other reasons.

Internal Control over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

Gainesville, Florida
June 24, 2014

James Moore + Co., P.L.

**SPECIAL PURPOSE FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
UNION COUNTY TAX COLLECTOR
SEPTEMBER 30, 2013**

**Special Purpose Financial Statements
and
Independent Auditors' Report
Union County Tax Collector
September 30, 2013
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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying special purpose financial statements of each major fund and the aggregate remaining fund information of the Union County Tax Collector, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Union County Tax Collector as of September 30, 2013, and the respective changes in financial position for the year then ended in conformity with the financial reporting provisions of the State of Florida Auditor General, as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements were prepared for the purpose of complying with, and on the basis of, accounting practices prescribed by the *Rules of the Auditor General*, State of Florida, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Emphasis of Matter

As discussed in Note 1, these financial statements of the Union County Tax Collector are intended to present the financial position and the changes in financial position of only that portion of the governmental activities, each major fund, and the aggregate remaining fund information of Union County, Florida, that is attributable to the transactions of the Union County Tax Collector. They do not purport to, and do not, present fairly the financial position of Union County, Florida as of September 30, 2013, the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Union County Tax Collector's basic financial statements. The Statement of Fiduciary Net Position is presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2014 on our consideration of the Union County Tax Collector's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Union County Tax Collector's internal control over financial reporting and compliance.

Restriction on Use

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

James Moore & Co., P.L.

Gainesville, Florida
June 24, 2014

**Balance Sheet
Governmental Funds
September 30, 2013
Union County Tax Collector**

	General Fund
Assets	
Cash and Equivalents	\$ <u>27,628</u>
Liabilities and Fund Balance	
Liabilities	
Due to Other Governments	\$ <u>27,628</u>
Total Liabilities	27,628
Fund Balance	
Unassigned	<u>-</u>
Total Liabilities and Fund Balance	\$ <u>27,628</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, 2013
Union County Tax Collector**

	General Fund
Revenues	
Charges for Services	\$ 211,306
Miscellaneous Revenue	<u>350</u>
Total Revenues	211,656
Expenditures	
Current:	
General Government	<u>302,442</u>
Total Expenditures	<u>302,442</u>
Excess Revenues Over (Under) Expenditures	(90,786)
Other Financing Sources (Uses)	
Appropriations from Board of County Commissioners	118,414
Reversion to Board of County Commissioners	<u>(27,628)</u>
Total Other Financing Sources (Uses)	<u>90,786</u>
Net Change in Fund Balance	-
Fund Balance - October 1, 2012	<u>-</u>
Fund Balance - September 30, 2013	\$ <u><u>-</u></u>

The notes to financial statements are integral to this statement.

**Statement of Fiduciary Net Position
September 30, 2013
Union County Tax Collector**

	<u>Agency Fund</u>
Assets	
Cash and Equivalents	\$ 123,248
Liabilities	
Assets Held For Others	<u>123,248</u>
Net Position	\$ <u><u>-</u></u>

The notes to financial statements are integral to this statement.

Notes to Financial Statements
September 30, 2013
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, 2013
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. The Tax Collector considers revenues to be available if they are collected within 90 days of the end of the current fiscal period.

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

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.

Notes to Financial Statements
September 30, 2013
Union County Tax Collector
(Continued)

Note 1 - Summary of Significant Accounting Policies (concluded)

Fund Balance

In 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.

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>10/01/12</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>09/30/13</u>	<u>Due Within</u> <u>One Year</u>
Compensated Absences	\$ 6,217	\$ -	\$ 1,583	\$ 4,634	\$ 1,545

Notes to Financial Statements
September 30, 2013
Union County Tax Collector
(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 Pension Plan (Pension Plan), a cost-sharing, multiple-employer public employee retirement system administered by the state of Florida Department of Administration, Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes, establishes the authority for participant eligibility, contribution requirements, vesting eligibility, and benefit provisions. The Pension Plan issues a publicly available financial report that includes financial statements, 10-year historical trend information, and other required supplementary information. That report may be obtained by writing to: State of Florida Department of Administration Division of Retirement, Cedars Executive Center, Building C 2639 North Monroe Street, Tallahassee, Florida 32399-1560.

The Pension Plan provides vesting of benefits after six years of creditable service. Regular members are eligible for normal retirement after six years of service and attaining age 62, or 30 years of service regardless of age. Early retirement may be taken any time after completing six years of service; however, there is a 5% benefit reduction for each year prior to normal retirement. Regular members who joined the Pension Plan on or after July 1, 2011 are subject to vesting of benefits after eight years of creditable service and eligible for normal retirement after eight years of service and attaining age 65, or 33 years of service regardless of age.

The Deferred Retirement Option Program (DROP), implemented on July 1, 1998, is a program that allows the employee to retire without terminating employment for up to five years while retirement benefits accumulate and earn interest compounded monthly at an effective annual rate of 6.5% for FRS Pension Plan members with an effective DROP begin date before July 1, 2011. For FRS Pension Plan members with an effective DROP begin date on or after July 1, 2011, the annual rate is 1.3%. This program is available to eligible members of the Florida Retirement System who are in the FRS Pension Plan. Employee participation in DROP does not change the employee's condition of employment. When the DROP period ends, the employee must terminate employment. At that time, the employee will receive the accumulated DROP benefits and begin receiving monthly retirement benefits. Eligible members may participate in DROP when they reached the normal retirement date. If an employee reaches normal retirement before the age of 57, the employee may elect to defer the DROP election until age 57.

As of June 1, 2003, the FRS offered members the option of participating in the Florida Retirement System Investment Plan (Investment Plan), a defined contribution plan qualified under Section 401(a) of the Internal Revenue Code. The Investment Plan is administered by the state of Florida Department of Administration, Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes, establishes the authority for participant eligibility, contribution requirements, vesting eligibility, and benefit provisions. The Investment Plan provides vesting of benefits after one year of creditable service. Employees were eligible to make an election to participate in the Investment Plan instead of the

Notes to Financial Statements
September 30, 2013
Union County Tax Collector
(Concluded)

Note 5 - Pension Plan (concluded)

Pension Plan. Existing employees may make the election beginning December 1, 2003. New employees may make the election within five months of their month of hire. Participants in the Investment Plan also have a one-time opportunity to switch back to the Pension Plan at any time by "buying back" into the Pension Plan. The rates for the Investment Plan are the same as the Pension Plan.

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>10/1/12 - 6/30/13</u>	<u>7/1/13 - 9/30/13</u>
Regular Employees	5.18%	6.95%
DROP Employees	5.44%	12.84%
Special Risk Employees	14.90%	19.06%
Senior Management Employees	6.30%	18.31%
Elected Officials	10.23%	33.03%

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, 2013, 2012, and 2011 were \$18,333, \$10,996 and \$20,075, respectively, and are equal to the required contributions for each year.

Note 6 – Budgets and Budgetary Accounting

Section 195.087, Florida Statutes, governs the preparation, adoption, and administration of the Tax Collector's annual budget. The budget and subsequent budget amendments of the Tax Collector are submitted to the Florida Department of Revenue for approval. A copy of the budget is furnished to the Board at the same time.

Line item expenditures in excess of budget are authorized to the extent that total expenditures do not exceed the total budgeted expenditures. Budget transfers between appropriations categories (personal services, operating expenditures, capital outlay, debt service, and nonoperating) must be approved in writing by the Florida Department of Revenue. Transfers between expense items within the same appropriation category do not need written approval from the Florida Department of Revenue. The budget is prepared on the modified accrual basis of accounting. General Fund appropriations lapse at the close of the fiscal year to the extent they have not been expended.

Required Supplementary Information

**Schedule of Revenues, Expenditures and
Changes in Fund Balances - General Fund
Budget and Actual
For the Year Ended September 30, 2013
Union County Tax Collector**

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Charges for Services	\$ 222,709	\$ 222,709	\$ 211,306
Miscellaneous Revenue	-		350
Total Revenues	222,709	222,709	211,656
Expenditures			
Current:			
General Government	340,811	340,811	302,442
Total Expenditures	340,811	340,811	302,442
Excess of Revenues Over (Under) Expenditures	(118,102)	(118,102)	(90,786)
Other Financing Sources (Uses)			
Appropriations from Board of County Commissioners	122,280	122,280	118,414
Reversion to Board of County Commissioners	(4,178)	(4,178)	(27,628)
Total Other Financing Sources (Uses)	118,102	118,102	90,786
Net Change in Fund Balances	-	-	-
Fund Balances - October 1, 2012	-	-	-
Fund Balances - September 30, 2013	\$ -	\$ -	\$ -

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**

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

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

We have audited the financial statements of the Union County Tax Collector, as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated June 24, 2014.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, and Schedule of Findings. Disclosures in those reports and schedule, which are dated June 24, 2014, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports or schedule:

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations made in the preceding annual financial audit report.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Union County Tax Collector complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

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- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Union County Tax Collector is an elected constitutional officer, whose office is established by Article VIII of the Constitution of the State of Florida and is governed by various provisions of state law. Union County, including the Office of the Tax Collector, was established by Chapter 8516, Laws of Florida in 1921. There are no component units of the Union County Tax Collector to be disclosed as required by accounting principles generally accepted in the United States of America.

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

Gainesville, Florida
June 24, 2014

James Murre + Co., P.L.

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the special purpose financial statements of the Union County Tax Collector as of and for the year ended September 30, 2013, and the related notes to the financial statements, and have issued our report thereon dated June 24, 2014, which was modified to refer to a basis of accounting required for compliance with state filing requirements, and for other reasons.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified a certain deficiency in internal control that we consider to be a material weakness.

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 the deficiency described in the accompanying Schedule of Findings as item 2013-01 to be a material weakness.

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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.

Compliance and Other Matters

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

Union County Tax Collector's Response to Findings

The Union County Tax Collector's responses to the findings identified in our audit are described in the accompanying management's response to audit findings. The Union County Tax Collector's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

James Murre & Co., P.L.C.

Gainesville, Florida
June 24, 2014

**UNION COUNTY TAX COLLECTOR
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

2013-01 Segregation of Duties

Criteria: Internal controls are designed to safeguard assets and help prevent or detect losses from employee dishonesty or error. A fundamental concept in a good system of internal control is the segregation of duties. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction.

Condition: There is a lack of segregation of duties among personnel in the office of the Union County Tax Collector.

Cause: There are a limited number of personnel for certain functions.

Effect: Transactions could be mishandled and assets may not be properly safeguarded.

Context: Lack of segregation of duties noted while gaining an understanding of internal controls.

Recommendation: Bank statements, canceled checks, and appropriate advices should be received by someone other than employees maintaining cash records. Such items should be periodically reviewed prior to turning them over for reconciliation. Unusual items noted during the review should be investigated promptly. Signed checks should also be mailed without allowing them to be returned to the employee responsible for accounts payable. Journal entries should be approved by an employee other than the one who prepared the entry. Such entries should also be initialed by the preparer and by the approver. In summary, noncompatible duties should be separated as much as possible, and alternative controls should be used to compensate for lack of separation.

Management's Response: See page 18.

***Union County Tax Collector
Lisa B. Johnson
55 West Main Street
Union County Courthouse, Room #108
Lake Butler, FL 32054***

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June 23, 2014

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

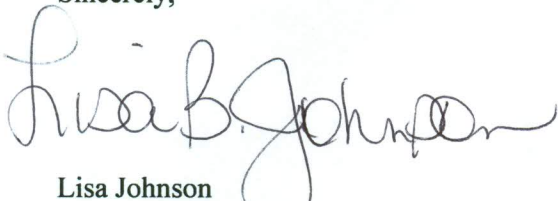
Dear Mr. Martin:

This letter is in response to the recent audit finding of the Union County Tax Collector for the fiscal year ended September 30, 2013 that was conducted by James Moore & Company.

2013-01 Segregation of Duties

I understand the importance of internal controls and my responsibility to design controls that separate employee duties so that no one individual has access to all phases of a transaction. With my limited number of staff, this is not always possible; however, I have begun implementing segregations of certain job functions. I will continue to look for opportunities to improve controls in the future.

Sincerely,

A handwritten signature in cursive script that reads "Lisa B. Johnson". The signature is written in dark ink and is positioned above the printed name and title.

Lisa Johnson
Union County Tax Collector

**SPECIAL PURPOSE FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
UNION COUNTY PROPERTY APPRAISER
SEPTEMBER 30, 2013**

**Special Purpose Financial Statements
and
Independent Auditors' Report
Union County Property Appraiser
September 30, 2013**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying special purpose financial statements of each major fund and the aggregate remaining fund information of the Union County Property Appraiser, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Union County Property Appraiser as of September 30, 2013, and the respective changes in financial position for the year then ended in conformity with the financial reporting provisions of the State of Florida Auditor General, as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements were prepared for the purpose of complying with, and on the basis of, accounting practices prescribed by the *Rules of the Auditor General*, State of Florida, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Emphasis of Matter

As discussed in Note 1, these financial statements of the Union County Property Appraiser are intended to present the financial position and the changes in financial position of only that portion of the governmental activities, each major fund, and the aggregate remaining fund information of Union County, Florida, that is attributable to the transactions of the Union County Property Appraiser. They do not purport to, and do not, present fairly the financial position of Union County, Florida as of September 30, 2013, the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2014 on our consideration of the Union County Property Appraiser's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Union County Property Appraiser's internal control over financial reporting and compliance.

Restriction on Use

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

A handwritten signature in black ink that reads "James Moore & Co., P.L." in a cursive script.

Gainesville, Florida
June 24, 2014

**Balance Sheet
Governmental Fund
September 30, 2013
Union County Property Appraiser**

	General Fund
Assets	
Cash	\$ 10,799
Total Assets	<u>\$ 10,799</u>
Liabilities and Fund Balance	
Liabilities	
Accounts Payable and Accrued Expenditures	\$ 2,695
Due to Other Governments	<u>8,104</u>
Total Liabilities	10,799
Fund Balance	
Unassigned	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 10,799</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, 2013
Union County Property Appraiser

	<u>General Fund</u>
Revenues	
Charges for Services	\$ 11,467
Miscellaneous Revenue	<u>1,361</u>
Total Revenues	12,828
Expenditures	
Current:	
General Government	<u>348,822</u>
Excess Revenues Over (Under) Expenditures	(335,994)
Other Financing Sources (Uses)	
Appropriations from Board of County Commissioners	344,098
Reversion to Board of County Commissioners	(7,956)
Reversion to Other Governments	<u>(148)</u>
Total Other Financing Sources (Uses)	<u>335,994</u>
Net Change in Fund Balance	-
Fund Balance - October 1, 2012	<u>-</u>
Fund Balance - September 30, 2013	<u><u>\$ -</u></u>

The notes to financial statements are integral to this statement.

Notes to Financial Statements
September 30, 2013
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, 2013
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. The Property Appraiser considers revenues to be available if they are collected within 90 days of the end of the current fiscal period.

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

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, 2013
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>10/01/12</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>9/30/13</u>	<u>Amount Due</u> <u>Within One Year</u>
Compensated Absences	\$ 14,677	\$ 715	\$ -	\$ 15,392	\$ 5,079

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, 2013
Union County Property Appraiser
(Continued)

Note 5 - Pension Plan

Plan Description. The Office contributes to the Florida Retirement System Pension Plan (Pension Plan), a cost-sharing, multiple-employer public employee retirement system administered by the state of Florida Department of Administration, Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes, establishes the authority for participant eligibility, contribution requirements, vesting eligibility, and benefit provisions. The Pension Plan issues a publicly available financial report that includes financial statements, 10-year historical trend information, and other required supplementary information. That report may be obtained by writing to: State of Florida Department of Administration Division of Retirement, Cedars Executive Center, Building C 2639 North Monroe Street, Tallahassee, Florida 32399-1560.

The Pension Plan provides vesting of benefits after six years of creditable service. Regular members are eligible for normal retirement after six years of service and attaining age 62, or 30 years of service regardless of age. Early retirement may be taken any time after completing six years of service; however, there is a 5% benefit reduction for each year prior to normal retirement. Regular members who joined the Pension Plan on or after July 1, 2011 are subject to vesting of benefits after eight years of creditable service and eligible for normal retirement after eight years of service and attaining age 65, or 33 years of service regardless of age.

The Deferred Retirement Option Program (DROP), implemented on July 1, 1998, is a program that allows the employee to retire without terminating employment for up to five years while retirement benefits accumulate and earn interest compounded monthly at an effective annual rate of 6.5% for FRS Pension Plan members with an effective DROP begin date before July 1, 2011. For FRS Pension Plan members with an effective DROP begin date on or after July 1, 2011, the annual rate is 1.3%. This program is available to eligible members of the Florida Retirement System who are in the FRS Pension Plan. Employee participation in DROP does not change the employee's condition of employment. When the DROP period ends, the employee must terminate employment. At that time, the employee will receive the accumulated DROP benefits and begin receiving monthly retirement benefits. Eligible members may participate in DROP when they reached the normal retirement date. If an employee reaches normal retirement before the age of 57, the employee may elect to defer the DROP election until age 57.

As of June 1, 2003, the FRS offered members the option of participating in the Florida Retirement System Investment Plan (Investment Plan), a defined contribution plan qualified under Section 401(a) of the Internal Revenue Code. The Investment Plan is administered by the state of Florida Department of Administration, Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes, establishes the authority for participant eligibility, contribution requirements, vesting eligibility, and benefit provisions. The Investment Plan provides vesting of benefits after one year of creditable service. Employees were eligible to make an election to participate in the Investment Plan instead of the Pension Plan. Existing employees may make the election beginning December 1, 2003. New employees may make the election within five months of their month of hire. Participants in the Investment Plan also have a one-time opportunity to switch back to the Pension Plan at any time by "buying back" into the Pension Plan. The rates for the Investment Plan are the same as the Pension Plan.

Notes to Financial Statements
September 30, 2013
Union County Property Appraiser
(Concluded)

Note 5 - Pension Plan (concluded)

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>10/1/12 - 6/30/13</u>	<u>7/1/13 - 9/30/13</u>
Regular Employees	5.18%	6.95%
DROP Employees	5.44%	12.84%
Special Risk Employees	14.90%	19.06%
Senior Management Employees	6.30%	18.31%
Elected Officials	10.23%	33.03%

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, 2013, 2012, and 2011 were \$22,681, \$16,474 and \$26,912, respectively, and are equal to the required contributions for each year.

Note 6 – Budgets and Budgetary Accounting

Section 195.087, Florida Statutes, governs the preparation, adoption, and administration of the Property Appraiser's annual budget. The budget and subsequent budget amendments of the Property Appraiser are submitted to the Florida Department of Revenue for approval. A copy of the budget is furnished to the Board at the same time.

Line item expenditures in excess of budget are authorized to the extent that total expenditures do not exceed the total budgeted expenditures. Budget transfers between appropriations categories (personal services, operating expenditures, capital outlay, debt service, and nonoperating) must be approved in writing by the Florida Department of Revenue. Transfers between expense items within the same appropriation category do not need written approval from the Florida Department of Revenue. The budget is prepared on the modified accrual basis of accounting. General Fund appropriations lapse at the close of the fiscal year to the extent they have not been expended.

Required Supplementary Information

**Schedule of Revenues, Expenditures and
Changes in Fund Balances - General Fund
Budget and Actual
For the Year Ended September 30, 2013
Union County Property Appraiser**

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Charges for Services	\$ 6,962	\$ 6,962	\$ 11,467
Miscellaneous Revenue	-	-	1,361
Total Revenues	6,962	6,962	12,828
Expenditures			
Current:			
General Government	351,060	351,060	348,822
Excess Revenues Over (Under) Expenditures	(344,098)	(344,098)	(335,994)
Other Financing Sources (Uses)			
Appropriations from Board of County Commissioners	344,098	344,098	344,098
Reversion to Board of County Commissioners	-	-	(7,956)
Reversion to Other Governments	-	-	(148)
Total Other Financing Sources (Uses)	344,098	344,098	335,994
Net Change in Fund Balance	-	-	-
Fund Balance - October 1, 2012	-	-	-
Fund Balance - September 30, 2013	\$ -	\$ -	\$ -

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**

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

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

We have audited the financial statements of the Union County Property Appraiser, as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated June 24, 2014.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports, which are dated June 24, 2014, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports or schedule:

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Union County Property Appraiser complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

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- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Union County Property Appraiser is an elected constitutional officer, whose office is established by Article VIII of the Constitution of the State of Florida and is governed by various provisions of state law. Union County, including the Office of the Property Appraiser, was established by Chapter 8516, Laws of Florida in 1921. There are no component units of the Union County Property Appraiser to be disclosed as required by accounting principles generally accepted in the United States of America.

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

James Moore & Co., P.L.

Gainesville, Florida
June 24, 2014

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the special purpose financial statements of the Union County Property Appraiser as of and for the year ended September 30, 2013, and the related notes to the financial statements, and have issued our report thereon dated June 24, 2014, which was modified to refer to a basis of accounting required for compliance with state filing requirements, and for other reasons.

Internal Control over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

James Moore & Co., P.L.

Gainesville, Florida
June 24, 2014

**SPECIAL PURPOSE FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
UNION COUNTY SUPERVISOR OF ELECTIONS
SEPTEMBER 30, 2013**

**Special Purpose Financial Statements
and
Independent Auditors' Report
Union County Supervisor of Elections
September 30, 2013**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying special purpose financial statements of each major fund and the aggregate remaining fund information of the Union County Supervisor of Elections, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Union County Supervisor of Elections as of September 30, 2013, and the respective changes in financial position for the year then ended in conformity with the financial reporting provisions of the State of Florida Auditor General, as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements were prepared for the purpose of complying with, and on the basis of, accounting practices prescribed by the *Rules of the Auditor General*, State of Florida, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Emphasis of Matter

As discussed in Note 1, these financial statements of the Union County Supervisor of Elections are intended to present the financial position and the changes in financial position of only that portion of the governmental activities, each major fund, and the aggregate remaining fund information of Union County, Florida, that is attributable to the transactions of the Union County Supervisor of Elections. They do not purport to, and do not, present fairly the financial position of Union County, Florida as of September 30, 2013, the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2014 on our consideration of the Union County Supervisor of Elections' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Union County Supervisor of Elections' internal control over financial reporting and compliance.

Restriction on Use

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

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

Gainesville, Florida
June 24, 2014

**Balance Sheet
Governmental Fund
September 30, 2013
Union County Supervisor of Elections**

	General Fund
Assets	
Cash and Equivalents	\$ 8,049
Receivables	<u>96</u>
Total Assets	\$ <u>8,145</u>
Liabilities and Fund Balances	
Accounts Payable and Accrued Expenditures	\$ 505
Due to Other Governments	<u>7,640</u>
Total Liabilities	8,145
Fund Balances	
Unassigned	<u>-</u>
Total Fund Balances	<u>-</u>
Total Liabilities and Fund Balance	\$ <u><u>8,145</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, 2013
Union County Supervisor of Elections

	General Fund
Revenues	
Intergovernmental Revenue	\$ 6,995
Charges for Services	15
Miscellaneous Revenue	<u>22</u>
Total Revenue	7,032
Expenditures	
Current:	
General Government	<u>265,710</u>
Total Expenditures	<u>265,710</u>
Excess Revenues Over (Under) Expenditures	(258,678)
Other Financing Sources (Uses)	
Appropriations from Board of County Commissioners	269,662
Reversion to Board of County Commissioners	<u>(4,500)</u>
Total Other Financing Sources (Uses)	<u>265,162</u>
Net Change in Fund Balance	6,484
Fund Balance (Deficit) - October 1, 2012	<u>(6,484)</u>
Fund Balance - September 30, 2013	\$ <u><u>-</u></u>

The notes to financial statements are integral to this statement.

Notes to Financial Statements
September 30, 2013
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, 2013
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. The Supervisor of Elections considers revenues to be available if they are collected within 90 days of the end of the current fiscal period.

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

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 Supervisor of Elections is a county constitutional officer, any funds remaining at the end of the fiscal year are returned to the Board of County Commissioners.

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, 2013
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</u> <u>10/01/12</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>09/30/13</u>	<u>Amount Due</u> <u>Within a Year</u>
Compensated Absences	\$ 1,289	\$ 1,378	\$ -	\$ 2,667	\$ 889

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 Pension Plan (Pension Plan), a cost-sharing, multiple-employer public employee retirement system administered by the state of Florida Department of Administration, Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes, establishes the authority for participant eligibility, contribution requirements, vesting eligibility, and benefit

Notes to Financial Statements
September 30, 2013
Union County Supervisor of Elections
(Continued)

Note 5 - Pension Plan (continued)

provisions. The Pension Plan issues a publicly available financial report that includes financial statements, 10-year historical trend information, and other required supplementary information. That report may be obtained by writing to: State of Florida Department of Administration Division of Retirement, Cedars Executive Center, Building C 2639 North Monroe Street, Tallahassee, Florida 32399-1560.

The Pension Plan provides vesting of benefits after six years of creditable service. Regular members are eligible for normal retirement after six years of service and attaining age 62, or 30 years of service regardless of age. Early retirement may be taken any time after completing six years of service; however, there is a 5% benefit reduction for each year prior to normal retirement. Regular members who joined the Pension Plan on or after July 1, 2011 are subject to vesting of benefits after eight years of creditable service and eligible for normal retirement after eight years of service and attaining age 65, or 33 years of service regardless of age.

The Deferred Retirement Option Program (DROP), implemented on July 1, 1998, is a program that allows the employee to retire without terminating employment for up to five years while retirement benefits accumulate and earn interest compounded monthly at an effective annual rate of 6.5% for FRS Pension Plan members with an effective DROP begin date before July 1, 2011. For FRS Pension Plan members with an effective DROP begin date on or after July 1, 2011, the annual rate is 1.3%. This program is available to eligible members of the Florida Retirement System who are in the FRS Pension Plan. Employee participation in DROP does not change the employee's condition of employment. When the DROP period ends, the employee must terminate employment. At that time, the employee will receive the accumulated DROP benefits and begin receiving monthly retirement benefits. Eligible members may participate in DROP when they reached the normal retirement date. If an employee reaches normal retirement before the age of 57, the employee may elect to defer the DROP election until age 57.

As of June 1, 2003, the FRS offered members the option of participating in the Florida Retirement System Investment Plan (Investment Plan), a defined contribution plan qualified under Section 401(a) of the Internal Revenue Code. The Investment Plan is administered by the state of Florida Department of Administration, Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes, establishes the authority for participant eligibility, contribution requirements, vesting eligibility, and benefit provisions. The Investment Plan provides vesting of benefits after one year of creditable service. Employees were eligible to make an election to participate in the Investment Plan instead of the Pension Plan. Existing employees may make the election beginning December 1, 2003. New employees may make the election within five months of their month of hire. Participants in the Investment Plan also have a one-time opportunity to switch back to the Pension Plan at any time by "buying back" into the Pension Plan. The rates for the Investment Plan are the same as the Pension Plan.

Notes to Financial Statements
September 30, 2013
Union County Supervisor of Elections
(Concluded)

Note 5 - Pension Plan (concluded)

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>10/1/12 - 6/30/13</u>	<u>7/1/13 - 9/30/13</u>
Regular Employees	5.18%	6.95%
DROP Employees	5.44%	12.84%
Special Risk Employees	14.90%	19.06%
Senior Management Employees	6.30%	18.31%
Elected Officials	10.23%	33.03%

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, 2013, 2012, and 2011 were \$14,988, \$11,693 and \$18,836, respectively, and are equal to the required contributions for each year.

Note 6 – Budgets and Budgetary Accounting

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

Required Supplementary Information

**Schedule of Revenues, Expenditures
and Changes in Fund Balances – General Fund
Budget and Actual
For the Year Ended September 30, 2013
Union County Supervisor of Elections**

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Intergovernmental Revenue	\$ -	\$ -	\$ 6,995
Charges for Services	-	-	15
Miscellaneous Revenue	-	-	22
Total Revenue	-	-	7,032
Expenditures			
Current:			
General Government	269,662	269,662	265,710
Total Expenditures	269,662	269,662	265,710
Excess Revenues Over (Under) Expenditures	(269,662)	(269,662)	(258,678)
Other Financing Sources (Uses)			
Appropriations from Board of County Commissioners	269,662	269,662	269,662
Reversion to Board of County Commissioners	-	-	(4,500)
Total Other Financing Sources (Uses)	269,662	269,662	265,162
Net Change in Fund Balances	-	-	6,484
Fund Balance (Deficit) - October 1, 2012	-	-	(6,484)
Fund Balance - September 30, 2013	\$ -	\$ -	\$ -

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**

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

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

We have audited the financial statements of the Union County Supervisor of Elections, as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated June 24, 2014.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, and Schedule of Findings. Disclosures in those reports and schedule, which are dated June 24, 2014, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports or schedule:

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report except as noted in the table below:

Tabulation of Uncorrected Audit Findings			
Description	Current Year Finding #	2011-12 FY Finding #	2010-11 FY Finding #
Segregation of Duties	Finding 2013-01	Finding 12-01	Finding 11-01
Controls Related to Payroll Procedures	Finding 2013-02	Finding 12-03	Finding 11-04

- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Union County Supervisor of Elections complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Union County Supervisor of Elections is an elected constitutional officer, whose office is established by Article VIII of the Constitution of the State of Florida and is governed by various provisions of state law. Union County, including the Office of the Supervisor of Elections, was established by Chapter 8516, Laws of Florida in 1921. There are no component units of the Union County Supervisor of Elections to be disclosed as required by accounting principles generally accepted in the United States of America.

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

Gainesville, Florida
June 24, 2014

James Moore & Co., P.L.

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the special purpose financial statements of the Union County Supervisor of Elections as of and for the year ended September 30, 2013, and the related notes to the financial statements, and have issued our report thereon dated June 24, 2014, which was modified to refer to a basis of accounting required for compliance with state filing requirements, and for other reasons.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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

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material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items 2013-01 and 2013-02 to be material weaknesses.

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.

Compliance and Other Matters

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

Union County Supervisor of Elections' Response to Findings

The Union County Supervisor of Elections' responses to the findings identified in our audit are described in the accompanying management's response to audit findings. The Union County Supervisor of Elections' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

James Marx + Co., P.L.

Gainesville, Florida
June 24, 2014

**UNION COUNTY SUPERVISOR OF ELECTIONS
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

2013-01 Segregation of Duties

Criteria: Internal controls are designed to safeguard assets and help prevent or detect losses from employee dishonesty or error. A fundamental concept in a good system of internal control is the segregation of duties. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction.

Condition: There is a lack of segregation of duties among personnel in the office of the Union County Supervisor of Elections.

Cause: There are a limited number of personnel for certain functions.

Effect: Transactions could be mishandled and assets may not be properly safeguarded.

Context: Lack of segregation of duties noted while gaining an understanding of internal controls.

Recommendation: Bank statements, canceled checks, and appropriate advices should be received by someone other than employees maintaining cash records. Such items should be periodically reviewed prior to turning them over for reconciliation. Unusual items noted during the review should be investigated promptly. Signed checks should also be mailed without allowing them to be returned to the employee responsible for accounts payable. Journal entries should be approved by an employee other than the one who prepared the entry. Such entries should also be initialed by the preparer and by the approver. In summary, noncompatible duties should be separated as much as possible, and alternative controls should be used to compensate for lack of separation.

Management's Response: See page 16.

2013-02 Controls Related to Payroll Procedures

Criteria: Internal controls over payroll are designed to help prevent or detect losses from employee dishonesty or error.

Condition: A review of internal control procedures relating to payroll processing revealed that some time sheets contained mathematical errors.

Cause: Procedures to review and approve payroll are not sufficient.

Effect: Amounts paid to employees may not be correct.

Context: Mathematical errors noted during testing of internal controls over cash disbursements.

Recommendation: We recommend that the internal control procedures be modified to promote increased oversight of accuracy of time sheet reporting.

Management's Response: See page 17.



June 19, 2014

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, 2013 that was conducted by James Moore, Certified Public Accountants.

1. Segregation of Duties

- a) Mail should be opened by an employee not responsible for accounting.

First let me say that I would have appreciated an exit conference with the auditors so that I could understand the basis for this comment. I open all the mail. I review bills received in the mail and initial the bills as approval for payment before giving them to my bookkeeper. Except for the rare grant receipt, we do not receive cash receipts in the mail. We pick up our monthly requisition check from the Board of County Commissioners and payments for voter registration lists and verification of signatures are paid over the counter and a cash receipt is written at the time the payment is received.

- b) Signed checks should also be mailed without allowing them to be returned to the employee responsible for accounts payable.

The checks are prepared by the bookkeeper and given to me along with the previously approved invoice for check signature. Even though I am ultimately responsible for accounts payable, I will mail the checks, rather than returning them to my bookkeeper for mailing. Due to limited funding, we have a very small staff and it is difficult to have an ideal segregation of duties.

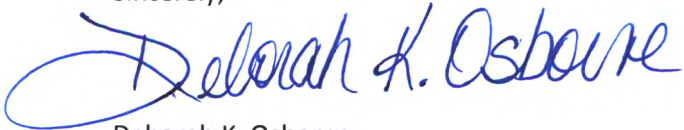
- c) Journal entries should include adequate supporting documentation on file so there is a proper audit trail and should be approved by an employee other than the one who prepared the entry.

General journal entries are generally made to correct errors. I will review all general journal entries and make sure that there is an explanation provided. As evidence of approval, I will initial all general journal entries.

2. Controls related to payroll procedures: A review of internal control procedures relating to payroll processing reveal the following deficiency: Time sheets contained mathematical errors.

a) *I sign off on all time sheets. I would have liked for the auditors to go over me with the time sheets that had mathematical errors so I could appropriately respond and correct the errors if employees were over or under paid.*

Sincerely,

A handwritten signature in blue ink that reads "Deborah K. Osborne". The signature is fluid and cursive, with a large loop at the beginning of the first name.

Deborah K. Osborne
Union County Supervisor of Elections