

UNION COUNTY, FLORIDA
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2016

Union County, Florida

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September 30, 2016

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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, 2016, 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.

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

Basis for Qualified Opinion on Governmental Activities

Management has not acquired an actuarial valuation to determine the amount of its OPEB (Other Postemployment Benefits) liability and has not presented such liability in its government-wide financial statements as required by accounting principles generally accepted in the United States of America. The impact of such departure from generally accepted accounting principles on the liabilities, net position and expenses of the government-wide financial statements of 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, 2016, 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, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operation, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

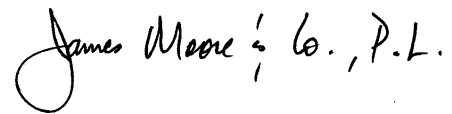
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Union County, Florida's basic financial statements. The supplemental information, schedule of expenditures of federal awards and state financial assistance, as required by Section 215.97, 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 relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 August 30, 2017, 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.

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

Gainesville, Florida
August 30, 2017

Basic Financial Statements

**UNION COUNTY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016**

	Governmental Activities
ASSETS	
Cash and equivalents	\$ 3,541,438
Investments	721,669
Accounts receivable, net	359,153
Due from other governments	813,662
Prepaid expenses	124,488
Capital assets:	
Non-depreciable	1,345,599
Depreciable, net	12,071,022
Total assets	18,977,031
DEFERRED OUTFLOWS	
Deferred outflows related to pensions	3,148,970
LIABILITIES	
Accounts payable and accrued liabilities	609,641
Due to other governments	59,010
Unearned revenues	30,886
Noncurrent liabilities:	
Due within one year	452,792
Due in more than one year	613,760
Net pension liability	7,071,258
Total liabilities	8,837,347
DEFERRED INFLOWS	
Deferred inflows related to pensions	275,494
NET POSITION	
Net investment in capital assets	12,755,750
Restricted for:	
Public safety	1,695,573
Physical environment	75,024
Economic environment	265
Transportation	438,353
Culture and recreation	185,415
Court related	99,692
Unrestricted	(2,236,912)
Total net position	\$ 13,013,160

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

**UNION COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Functions/Programs	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
Governmental activities:					
General government	\$ 2,297,694	\$ 220,660	\$ 25,910	\$ -	\$ (2,051,124)
Public safety	4,597,837	1,306,130	483,966	-	(2,807,741)
Physical environment	976,727	523,645	90,909	-	(362,173)
Economic environment	583,079	-	559,829	-	(23,250)
Transportation	2,287,600	223,250	880,986	852,619	(330,745)
Human services	293,776	-	-	-	(293,776)
Culture and recreation	331,225	1,960	98,511	-	(230,754)
Court related	930,741	193,317	466,013	-	(271,411)
Interest on long-term debt	17,187	-	-	-	(17,187)
Total	<u>\$ 12,315,866</u>	<u>\$ 2,468,962</u>	<u>\$ 2,606,124</u>	<u>\$ 852,619</u>	<u>(6,388,161)</u>
General revenues:					
Property taxes					2,229,499
Sales taxes					2,387,291
Telecommunication tax					58,731
Licenses and permits					574,814
Shared revenues-unrestricted					561,230
Fines and forfeitures					37,845
Miscellaneous					134,655
Total general revenues					<u>5,984,065</u>
Change in net position					(404,096)
Net position - beginning of year					13,417,256
Net position - end of year				\$	<u><u>13,013,160</u></u>

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

**UNION COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016**

	Major Funds					Non Major Funds	Total
	General Fund	Emergency Medical Services	Special Law Enforcement	Transportation Trust Fund	5-Cent Gas Tax		
Assets							
Cash and equivalents	\$ 1,681,981	\$ 142,567	\$ 521,644	\$ 374,283	\$ 47,995	\$ 772,858	\$ 3,541,328
Investments	-	-	721,669	-	-	-	721,669
Accounts receivable	34,166	295,896	-	-	-	33,625	363,687
Due From Other Governments	495,208	65	-	52,534	133,325	100,623	781,755
Due from other funds	304,495	-	-	-	-	6,670	311,165
Total assets	<u>\$ 2,515,850</u>	<u>\$ 438,528</u>	<u>\$ 1,243,313</u>	<u>\$ 426,817</u>	<u>\$ 181,320</u>	<u>\$ 913,776</u>	<u>\$ 5,719,604</u>
Liabilities and fund balance							
Liabilities							
Accounts payable	\$ 328,311	\$ 71,018	-	\$ 84,130	\$ 11,774	\$ 105,938	\$ 601,171
Due to other governments	41,923	150	-	-	-	16,937	59,010
Due to other funds	-	97,007	-	73,880	-	121,264	292,151
Unearned revenues	-	-	-	-	-	30,887	30,887
Total liabilities	<u>370,234</u>	<u>168,175</u>	<u>-</u>	<u>158,010</u>	<u>11,774</u>	<u>275,026</u>	<u>983,219</u>
Fund balances							
Restricted	99,692	270,353	1,243,313	268,807	169,546	602,364	2,654,075
Assigned	-	-	-	-	-	36,386	36,386
Unassigned	2,045,924	-	-	-	-	-	2,045,924
Total fund balance	<u>2,145,616</u>	<u>270,353</u>	<u>1,243,313</u>	<u>268,807</u>	<u>169,546</u>	<u>638,750</u>	<u>4,736,385</u>
Total Liabilities and Fund balances	<u>\$ 2,515,850</u>	<u>\$ 438,528</u>	<u>\$ 1,243,313</u>	<u>\$ 426,817</u>	<u>\$ 181,320</u>	<u>\$ 913,776</u>	<u>\$ 5,719,604</u>

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

**UNION COUNTY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET TO
THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2016**

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

Total fund balances - Governmental Funds	\$	4,736,385
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		13,416,621
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Expenditures relating to future periods are charged to the period in which it was paid (prepaid expenses)		124,488
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Net pension liability and related deferred inflows/outflows are not due and payable in the current period and, therefore, are not reported in the funds.

	Deferred outflows	\$ 3,148,970	
	Net pension liability	(7,071,258)	
	Deferred inflows	<u>(275,494)</u>	(4,197,782)

Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the funds.		(1,066,552)
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Net position of governmental activities		<u><u>\$ 13,013,160</u></u>
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The accompanying notes to financial statements
are an integral part of this statement.

UNION COUNTY TAX COLLECTOR
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	Major Funds					Non Major Funds	Total
	General Fund	Emergency Medical Services	Special Law Enforcement	Transportation Trust Fund	5-Cent Gas Tax		
Revenues							
Taxes	\$ 2,734,164	\$ -	\$ -	\$ 485,876	\$ 395,110	\$ 108,884	\$ 3,724,034
Licenses and permits	65,627	194,210	-	-	-	285,355	545,192
Intergovernmental	3,090,754	80,460	-	4,170	848,819	1,022,711	5,046,914
Charges for services	537,637	1,226,958	-	-	-	340,417	2,105,012
Fines and forfeitures	-	-	26,581	-	-	18,088	44,669
Miscellaneous revenues	41,010	1,227	7,334	4,260	-	52,143	105,974
Total revenues	6,469,192	1,502,855	33,915	494,306	1,243,929	1,827,598	11,571,795
Expenditures							
General government	1,948,580	-	-	-	-	-	1,948,580
Public safety	2,482,505	1,576,321	-	-	-	551,664	4,610,490
Physical environment	138,141	-	-	-	-	898,391	1,036,532
Economic environment	6,946	-	-	-	-	576,134	583,080
Transportation	-	-	-	1,055,304	848,818	241,198	2,145,320
Human services	283,899	-	-	-	-	-	283,899
Culture and Recreation	32,574	-	-	-	-	-	32,574
Court related	691,953	-	-	-	-	18,308	710,261
Debt service:							
Principal	65,194	8,274	-	62,976	-	23,694	160,138
Interest	2,498	394	-	14,082	-	213	17,187
Total Expenditures	5,652,290	1,584,989	-	1,132,362	848,818	2,309,602	11,528,061
Excess (deficiency) of revenues over (under) expenditures	816,902	(82,134)	33,915	(638,056)	395,111	(482,004)	43,734
Other financing sources							
Contributions from joint venture	-	-	-	-	-	330,000	330,000
Sale of capital assets	-	-	-	2,042	-	7,932	9,974
Transfers in	98,581	309,768	-	500,361	-	446,614	1,355,324
Transfers out	(806,765)	-	-	-	(500,361)	(48,197)	(1,355,323)
Transfers out to others	(629)	-	-	-	-	-	(629)
Loan proceeds	109,439	-	-	198,402	-	-	307,841
Total other financing sources	(599,374)	309,768	-	700,805	(500,361)	736,349	647,187
Net change in fund balance	217,528	227,634	33,915	62,749	(105,250)	254,345	690,921
Fund balance, beginning of year	1,928,088	42,719	1,209,398	206,058	274,796	384,405	4,045,464
Fund balance, end of year	2,145,616	270,353	1,243,313	268,807	169,546	638,750	4,736,385

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

UNION COUNTY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

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

Net change in fund balances-total governmental funds	\$ 690,921
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.

Capital outlay	\$ 647,642	
Depreciation expense	(1,228,269)	
		(580,627)

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

Repayment of principal of long-term debt	173,993	
Issuance of long-term debt	(359,123)	
Landfill long-term care cost	70,904	
		(114,226)

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

Changes in:

Net change in compensated absences	26,734	
Net pension liability	(2,912,789)	
Deferred outflows related to net pension liability	1,806,714	
Deferred inflows related to net pension liability	669,395	
Net change in prepaid expenses	11,420	
		(398,526)

Governmental funds report the gross proceeds of the sale or disposal of fixed assets, however, in the of activities, the net book value of the assets sold are deducted from the gross proceeds.

Net book value of assets disposed	(1,638)
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Change in net position of governmental activities	\$ (404,096)
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The accompanying notes to financial statements
are an integral part of this statement.

UNION COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	<u>Agency Funds</u>
Assets	
Cash and equivalents	\$ 383,070
Receivables	2,146
Due from other funds	49
Total Assets	<u>385,265</u>
Liabilities	
Assets held for others	335,381
Accounts payable and accrued expenses	17,422
Due to other funds	19,063
Due to other governments	13,399
Total Liabilities	<u>385,265</u>
Net Position	<u><u>\$ -</u></u>

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

UNION COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

I. Summary of Significant Accounting Policies

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

A. Reporting Entity/Legal Authority

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

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

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

B. Government-Wide and Fund Financial Statements

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

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

**UNION COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

I. Summary of Significant Accounting Policies (Continued)

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 90 days of the end of the current fiscal period; except for property taxes which is 60 days.

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

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

**UNION COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

I. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (concluded)

The County reports the following major governmental funds:

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

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

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

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

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.

D. Assets, Liabilities and Fund Equity

1. Cash and Equivalents and Investments

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

2. Receivables

Accounts receivable in the amount of \$295,896 in the Emergency Medical Services Fund consists of receivables for ambulance services provided to private individuals and the State. All receivables deemed to be uncollectible were written off. The County also reported \$67,791 as accounts receivable in other funds.

**UNION COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

I. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Fund Equity (Continued)

3. Prepaid Items

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

4. Capital Assets and Long-Term Liabilities

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

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

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

5. Accounts Payable

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

6. Use of Estimates

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

7. Compensated Absences

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

**UNION COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

I. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Fund Balance (Continued)

8. Fund Balance

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

9. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will, if required, report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the only item in this category consisted of deferred amounts related to pension, as discussed further in Note (10).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the two items in this category are unavailable revenues, which will be recognized as inflows of resources in the period that the amounts become available, and deferred inflows of resources related to pensions, as discussed further in Note (10).

10. Property Taxes

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

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

II. Detailed Notes on All Funds

A. Investments

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

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

**UNION COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

II. Detailed Notes on All Funds (Continued)

A. Investments (concluded)

liquidity risk due to advance redemption notification requirements. However, it has a professional investment advisor and an investment advisory board. The FLGIT maintains a credit rating of AAAf by Standard & Poor's. A copy of FLGIT's most recent financial statements can be found at <http://floridatrusteronline.com>. At September 30, 2016, the County had \$721,699 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.

B. Interfund Balances and Transfers

Transfers from/to other funds for the year ended September 30, 2016, were as follows:

<u>Recipient Fund</u>	<u>Amount Transferred</u>	<u>Reason for Transfer</u>
Emergency Medical Services	\$ 309,768	Transfer from General Fund to aid in operating costs
Transportation Trust	500,361	Transfer from 5-Cent Gas to cover road expenditures
Emergency Management	61,204	Transfer from General Fund to aid in operating costs
Landfill Long-Term Care	29,900	Transfer from Solid Waste to fund closure monitoring
911	62,093	Transfer from General Fund to aid in operating costs
Solid Waste	293,417	Transfer from General Fund for operations
General Fund	12,600	Transfer from Local Housing for reimbursement of admin costs
	<u>\$ 1,269,343</u>	

As of September 30, 2016, interfund balances consisted of:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 304,495	\$ -
Special Revenue Funds		
Major Funds:		
Emergency Medical	-	97,007
Transportation Trust Fund	-	73,880
Non-Major Funds:		
Community Development Block	-	6,000
Local Housing Assistance	-	5,247
Solid Waste	1,627	57,163
Emergency Management	3,542	12,048
Public Library	-	20,993
911	-	11,454
Clerk Records Modernization	1,501	8,359
Agency Funds:		
Clerk of the Court Agency	-	16,482
Clerk Domestic Relations	-	2,581
Clerk Registry of Court	49	-
Sheriff Individual & Suspense	-	-
Total	<u>\$ 311,214</u>	<u>\$ 311,214</u>

**UNION COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

II. Detailed Notes on All Funds (Continued)

C. Budgets and Budgetary Accounting

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

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

D. Risk Management

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

E. Capital Assets

Capital assets activity for the year ended September 30, 2016, was as follows:

Governmental Activities	Balance 10/1/2015	Increases	Decreases	Balance 9/30/2016
Capital Assets, Not Being Depreciated:				
Land	\$ 1,077,564	\$ -	\$ -	\$ 1,077,564
Construction in Progress	268,035	-	-	268,035
Total Capital Assets Not Being Depreciated	<u>1,345,599</u>	<u>-</u>	<u>-</u>	<u>1,345,599</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	7,276,610	11,516	-	7,288,126
Infrastructure – Roads	10,440,570	-	-	10,440,570
Vehicles	3,189,717	162,034	(81,254)	3,270,497
Library Materials	240,682	4,404	-	245,086
Machinery and Equipment	3,488,604	469,688	(114,975)	3,843,317
Assets Under Capital Lease	429,638	-	-	429,638
Total Capital Assets Being Depreciated	<u>25,065,821</u>	<u>647,642</u>	<u>(196,229)</u>	<u>25,517,234</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	3,357,173	156,263	-	3,513,436
Infrastructure - Roads	3,410,119	521,643	-	3,931,762
Vehicles	2,632,101	174,088	(81,254)	2,724,935
Library Materials	161,500	14,529	-	176,029
Machinery and Equipment	2,731,495	316,982	(113,337)	2,935,140
Assets Under Capital Lease	120,146	44,764	-	164,910
Total Accumulated Depreciation	<u>12,412,534</u>	<u>1,228,269</u>	<u>(194,591)</u>	<u>13,446,212</u>
Total Capital Assets, Net of Depreciation	<u>12,653,287</u>	<u>(580,627)</u>	<u>(1,638)</u>	<u>12,071,022</u>
Governmental Activities Capital Assets, Net	<u>\$ 13,998,886</u>	<u>\$ (580,627)</u>	<u>\$ (1,638)</u>	<u>\$ 13,416,621</u>

**UNION COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

II. Detailed Notes on All Funds (Continued)

E. Capital Assets (concluded)

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

Governmental Activities	
General Government	\$ 112,260
Court Related	18,538
Public Safety	385,328
Physical Environment	21,419
Transportation	623,393
Human Services	9,877
Culture and Recreation	57,454
Total Depreciation Expense	<u>\$ 1,228,269</u>

F. Commitment/Contingencies

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

G. Long-Term Liabilities

Notes Payable

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

Note payable to Community State Bank to assist in purchase of ambulance, interest rate of 3.20%, payable from Emergency Medical Services through August 2017. Loan secured by non ad-valorem taxes.	\$ 7,720
Note payable to financial institution for vehicle, interest rate of 3.67%, payable from Solid Waste through December 2016. Loan is secured by a first lien on the equipment.	20,429
Note payable to financial institution for equipment, interest rate of 4.25%, payable from Transportation Trust Fund through October 2017. Loan is secured by a security interest in the equipment.	9,752
Note payable to financial institution for vehicle, interest rate of 2.49%, payable from Union General Fund through February 2021. Loan is secured by vehicle.	97,537
Note payable to financial institution to assist in purchase of equipment, interest rate of 2.49%, payable from Union General Fund through January 2021. Loan is secured by equipment.	54,656
Note payable to financial institution to assist in purchase of a vehicle, interest rate of 2.49%, payable from Union County General Fund through November 2020. Loan is secured by vehicle.	114,356
Note payable to financial institution to assist in purchase of equipment, interest rate of 0%, payable from Union County General Fund through October 2019. Loan is secured by Equipment.	38,461
Total	<u>\$ 342,911</u>

**UNION COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

II. Detailed Notes on All Funds (Continued)

G. Long-Term Liabilities (concluded)

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

Year Ending September 30,	Principal	Interest	Total
2017	\$ 105,637	\$ 7,179	\$ 112,816
2018	73,923	4,455	78,378
2019	88,282	2,916	91,198
2020	51,210	1,340	52,550
2021	23,859	140	23,999
Total	\$ 342,911	\$ 16,030	\$ 358,941

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, 2016 are as follows:

Year Ending September 30,	Payment
2017	\$ 171,131
2018	157,068
Total Minimum Lease Payments	328,199
Less: Amount Representing Interest	10,329
Present Value of Minimum Lease Payments	<u>\$ 317,870</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, 2016:

	Balance 10/1/15	Additions	Reductions	Balance 9/30/16	Due within one year
Notes Payable	\$ 132,806	\$ 356,694	\$ 146,589	\$ 342,911	\$ 105,637
Capital Lease Obligations	342,846	-	24,976	317,870	163,770
Landfill Long-Term Care Costs	143,095	-	70,903	72,192	72,192
Compensated absences	360,313	220,361	247,095	333,579	111,193
Net Pension Liability	4,158,469	2,912,789	-	7,071,258	-
Total Long-Term Liabilities	\$ 5,137,529	\$ 3,489,844	\$ 489,563	\$ 8,137,810	\$ 452,792

The total interest incurred for the year ended September 30, 2016, was \$17,620.

**UNION COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

II. Detailed Notes on All Funds (Continued)

H. 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 3 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 \$71,547 per year, are expected to be incurred for a period of approximately 2 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 \$72,814 from fiscal year ending September 30, 2015 to fiscal year ending September 30, 2016. During the fiscal year, the County deposited \$29,900 into the landfill escrow account, earned interest of \$61 and expended \$27,751 related to monitoring costs.

I. 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 2016. The charges include the cost of office space and utilities provided by Union County.

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

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

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

**UNION COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

II. Detailed Notes on All Funds (Continued)

J. Joint Venture

New River Solid Waste Association

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

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

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

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

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

K. Fund Balances

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

**UNION COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

II. Detailed Notes on All Funds (Continued)

K. Fund Balances (concluded)

Restricted – amounts constrained to specific purposes by their providers (such as grantors and higher levels of government), through constitutional provisions or by enabling legislation. At September 30, 2016 the County had the following restrictions on fund balances:

Restricted For:	General Fund	Emergency Medical Services	Special Law Enforcement	Transportation Trust	Five-Cent Gas Tax	Non-Major Funds
Public Safety	\$ -	\$ 270,353	\$ 1,243,313	\$ -	\$ -	\$ 129,131
Physical Environment	-	-	-	-	-	287,781
Economic Environment	-	-	-	-	-	37
Transportation	-	-	-	268,807	169,546	-
Culture and Recreation	-	-	-	-	-	106,543
Court Related	99,692	-	-	-	-	78,872
Total	\$ 99,692	\$ 270,353	\$ 1,243,313	\$ 268,807	\$ 169,546	\$ 602,364

Assigned – amounts the County intends to use for a specific purpose. Intent can be expressed by Board of County Commissioners or by an official or body which the Board delegates authority. At September 30, 2016 the County reported \$36,386 in assigned fund balance which represents excess transfers from the General Fund to the Emergency Management Fund and are assigned for general government.

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

L. Future Accounting Pronouncements

In June 2015, the GASB issued both Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for the County's fiscal year beginning October 1, 2016. The objective of Statement No. 74 is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The County is currently evaluating the effect that Statement No. 74 and 75 will have on its financial statements.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, effective for the County's fiscal year beginning October 1, 2015. The objective of Statement No. 76 is to identify-in the context of the current governmental financial reporting environment-the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The County is currently evaluating the effect that Statement No. 76 will have on its financial statements.

**UNION COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

II. Detailed Notes on All Funds (Continued)

L. Future Accounting Pronouncements (concluded)

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*, effective for the County's fiscal year beginning October 1, 2016. The objective of Statement No. 77 is to improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users.

As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The County is currently evaluating the effect that Statement No. 77 will have on its financial statements.

In November 2016, the GASB issued Statement No. 83, *Certain Retirement Obligations*, which addresses accounting and financial reporting for certain asset retirement obligations, which are legally enforceable liabilities associated with the retirement of a tangible capital asset. The provisions in GASB Statement No. 83 are effective for periods beginning after June 15, 2018. The County is currently evaluating the effect that Statement No. 88 will have on its financial statements.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*, which is intended to improve guidance regarding the identification and reporting of fiduciary activities. The provisions in GASB Statement No. 84 are effective for periods beginning after December 15, 2018. The County is currently evaluating the effect that Statement No. 84 will have on its financial statements.

In June 2017, the GASB issued Statement No. 87, *Leases*, which aims to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The provisions in GASB Statement No. 87 are effective for periods beginning after December 15, 2019. The County is currently evaluating the effect that Statement No. 87 will have on its financial statements.

III. Other Information

a. Employee Retirement Systems and Plans:

i. General Information about the Pension Plan

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

**UNION COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

III. Other Information (Continued)

a. Employee Retirement Systems and Plans: (Continued)

i. General Information about the Pension Plan (Continued)

In addition, all regular employees of the County are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended September 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5.

The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

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

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

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

**UNION COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

III. Other Information (Continued)

a. Employee Retirement Systems and Plans: (Continued)

i. General Information about the Pension Plan (concluded)

The State of Florida establishes contribution rates for participating employers and employees. Contribution rates during the 2015-16 fiscal year were as follows:

Class	Percent of Gross Salary	
	Employee	Employer (A)
FRS – Regular	3.00	7.26
Drop – Applicable to members from all of the above	0.00	12.88
FRS – Reemployed Retiree	(B)	(B)

Contribution rates during the 2014-15 fiscal year were as follows:

Class	Percent of Gross Salary	
	Employee	Employer (A)
FRS – Regular	3.00	7.37
Drop – Applicable to members from all of the above	0.00	12.28
FRS – Reemployed Retiree	(B)	(B)

Notes:

- A.** Employer rates for the 2015-16 fiscal year include 1.66 percent for the postemployment HIS (health insurance subsidy). Also, employer rates, other than for DROP participants, include 0.03 percent for administrative costs of the Investment Plan.
- B.** Employer rates for the 2014-15 fiscal year include 1.26 percent for the postemployment HIS (health insurance subsidy). Also, employer rates, other than for DROP participants, include 0.03 percent for administrative costs of the Investment Plan.
- C.** Contribution rates are dependent upon retirement class in which reemployed.

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

	2016	2015	2014
Contributions – FRS	\$ 581,842	\$ 578,089	\$ 555,913
Contributions – HIS	67,071	44,493	47,840
Employee Contributions – FRS	111,998	114,077	114,605

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850)413-5511; or at the Department's Web site (www.myfloridacfo.com). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services, Division of Retirement, Research and Education Section, by mail at P.O. Box 9000, Tallahassee, Florida 32315-9000; by telephone toll free at (877)377-1737 or (850)488-5706; by e-mail at rep@dms.myflorida.com; or at the Division's Web site (www.frs.myflorida.com).

UNION COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

III. Other Information (Continued)

a. Employee Retirement Systems and Plans: (Continued)

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

At September 30, 2016, the County reported a liability of \$7,071,259 for its proportionate share of the net pension liability, \$5,551,756 related to FRS and \$1,519,503 to HIS. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2016 and June 30, 2015, the County's FRS proportion was 0.021987085% and 0.021787096%, respectively. At June 30, 2016 and June 30, 2015, the County's HIS proportion was 0.013182168% and 0.013182168%, respectively. For the year ended September 30, 2016, the County's recognized pension expense of \$943,831 from FRS and \$115,768 from HIS, for a grand total of \$1,059,599.

Deferred outflows/inflows related to pensions:

At September 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 425,085	\$ (51,691)	\$ -	\$ (3,460)
Changes of assumptions	335,865	-	238,448	-
Net different between projected and actual investment earnings	1,435,062	-	768	-
Change in proportionate share	534,904	(163,938)	17,133	(66,383)
Contributions subsequent to measurement date	145,787	-	15,918	-
	<u>\$ 2,876,703</u>	<u>\$ (215,629)</u>	<u>\$ 272,267</u>	<u>\$ (69,843)</u>

The above amounts for deferred outflows of resources for contributions related to pensions resulting from County contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

2017	\$ 424,408
2018	424,408
2019	983,740
2020	677,269
2021	134,205
Thereafter	57,763
Total	<u>\$ 2,701,793</u>

**UNION COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

III. Other Information (Continued)

a. Employee Retirement Systems and Plans: (Continued)

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

Actuarial assumptions:

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

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

Long-term expected rate of return:

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

Asset Class	Target Allocation	Long-Term Arithmetic Expected Rate of Return
Cash	1.0%	3.0%
Fixed income	18.0%	4.7%
Global equities	53.0%	8.1%
Real estate	10.0%	6.4%
Private equity	6.0%	11.5%
Strategic investments	12.0%	6.1%
Total	<u>100.0%</u>	

**UNION COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

III. Other Information (Continued)

a. Employee Retirement Systems and Plans (Continued)

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

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

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

<u>Plan</u>	<u>Current Discount Rate</u>	<u>NPL with 1% Decrease</u>	<u>NPL at Current Discount Rate</u>	<u>NPL with 1% Increase</u>
FRS	7.60%	\$ 10,221,160	\$ 5,551,756	\$ 1,665,095
HIS	2.85%	1,743,214	1,519,503	1,333,834

Required Supplementary Information

UNION COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Original	Final	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Taxes	\$ 2,781,193	\$ 2,781,193	\$ 2,734,164	\$ (47,029)
Licenses and permits	-	-	65,627	65,627
Intergovernmental	3,004,521	3,023,466	3,090,754	67,288
Charges for services	390,730	404,647	537,637	132,990
Fines and forfeitures	-	-	-	-
Miscellaneous revenues	88,620	88,620	41,010	(47,610)
FS 129 Statutory Reduction	(274,511)	(275,207)	-	275,207
Total revenues	<u>5,990,553</u>	<u>6,022,719</u>	<u>6,469,192</u>	<u>446,473</u>
Expenditures				
General government	2,024,136	2,028,472	1,948,580	79,892
Public safety	2,478,795	2,478,795	2,482,505	(3,710)
Physical environment	124,751	124,751	138,141	(13,390)
Economic environment	6,391	6,391	6,946	(555)
Transportation	-	-	-	-
Human services	378,516	378,516	283,899	94,617
Culture and Recreation	34,700	34,700	32,574	2,126
Court related	762,712	762,712	691,953	70,759
Debt service:				
Principal	57,259	52,923	65,194	(12,271)
Interest	-	-	2,498	(2,498)
Total expenditures	<u>5,867,260</u>	<u>5,867,260</u>	<u>5,652,290</u>	<u>214,970</u>
				-
Excess (deficiency) of revenues over (under) expenditures	<u>123,293</u>	<u>155,459</u>	<u>816,902</u>	<u>231,503</u>
Other financing sources				
Transfers in	62,600	62,600	98,581	35,981
Transfers out	(806,482)	(806,482)	(806,765)	(283)
Transfers out to others	-	-	(629)	(629)
Loan proceeds	109,387	109,387	109,439	52
Total other financing sources	<u>(634,495)</u>	<u>(634,495)</u>	<u>(599,374)</u>	<u>35,121</u>
Net change in fund balance	<u>(511,202)</u>	<u>(479,036)</u>	<u>217,528</u>	<u>266,624</u>
Fund balance, beginning of year	1,928,088	1,928,088	1,928,088	-
Fund balance, end of year	<u>\$ 1,416,886</u>	<u>\$ 1,449,052</u>	<u>\$ 2,145,616</u>	<u>\$ 266,624</u>

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

UNION COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - EMERGENCY MEDICAL SERVICES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Original	Final	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Charges for Services	\$ 855,000	\$ 855,000	\$ 1,226,958	\$ 371,958
Licenses and permits	193,000	193,000	194,210	1,210
Intergovernmental revenues	-	-	80,460	80,460
Miscellaneous revenues	-	-	1,227	1,227
FS 129 Statutory Reduction	(52,400)	(52,400)	-	52,400
Total revenues	<u>995,600</u>	<u>995,600</u>	<u>1,502,855</u>	<u>507,255</u>
Expenditures				
Public safety	1,438,196	1,438,196	1,576,321	(138,125)
Debt Service:				
Principal	14,274	14,274	8,274	6,000
Interest	394	394	394	-
Total expenditures	<u>1,452,864</u>	<u>1,452,864</u>	<u>1,584,989</u>	<u>(132,125)</u>
				<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(457,264)</u>	<u>(457,264)</u>	<u>(82,134)</u>	<u>375,130</u>
Other financing sources				
Transfers In	309,768	309,768	309,768	-
Net change in fund balance	<u>(147,496)</u>	<u>(147,496)</u>	<u>227,634</u>	<u>375,130</u>
Fund balance, beginning of year	<u>42,719</u>	<u>42,719</u>	<u>42,719</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ (104,777)</u></u>	<u><u>\$ (104,777)</u></u>	<u><u>\$ 270,353</u></u>	<u><u>\$ 375,130</u></u>

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

UNION COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL -SPECIAL LAW ENFORCEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Original	Final	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Fines and forfeitures	\$ 1,000	\$ 1,000	\$ 26,581	\$ 25,581
Miscellaneous revenues	3,500	3,500	7,334	3,834
FS 129 statutory reduction	(225)	(225)	-	225
Total revenues	<u>4,275</u>	<u>4,275</u>	<u>33,915</u>	<u>29,640</u>
Net change in fund balance	<u>4,275</u>	<u>4,275</u>	<u>33,915</u>	<u>29,640</u>
Fund balance, beginning of year	1,209,398	1,209,398	1,209,398	-
Fund balance, end of year	<u><u>\$ 1,213,673</u></u>	<u><u>\$ 1,213,673</u></u>	<u><u>\$ 1,243,313</u></u>	<u><u>\$ 29,640</u></u>

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

UNION COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - TRANSPORTATION TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Original	Final	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Taxes	\$ 468,863	\$ 468,863	\$ 485,876	\$ 17,013
Intergovernmental	-	-	4,170	4,170
Miscellaneous revenues	19,300	19,300	4,260	(15,040)
FS 129 Statutory Reduction	(23,468)	(23,468)	-	23,468
Total revenues	<u>464,695</u>	<u>464,695</u>	<u>494,306</u>	<u>29,611</u>
Expenditures				
Transportation	1,054,136	1,131,530	1,055,304	(76,226)
Debt Service:				
Principal	82,277	82,277	62,976	(19,301)
Interest	3,643	3,643	14,082	10,439
Total expenditures	<u>1,140,056</u>	<u>1,217,450</u>	<u>1,132,362</u>	<u>(85,088)</u>
				-
Excess (deficiency) of revenues over (under) expenditures	<u>(675,361)</u>	<u>(752,755)</u>	<u>(638,056)</u>	<u>114,699</u>
Other financing sources (uses)				
Sale of capital assets	-	-	2,042	2,042
Transfers In	500,361	500,361	500,361	-
Loan Proceeds	125,000	202,394	198,402	(3,992)
Total other financing sources (uses)	<u>625,361</u>	<u>702,755</u>	<u>700,805</u>	<u>(1,950)</u>
Net change in fund balance	<u>(50,000)</u>	<u>(50,000)</u>	<u>62,749</u>	<u>112,749</u>
Fund balance, beginning of year	206,058	206,058	206,058	-
Fund balance, end of year	<u>\$ 156,058</u>	<u>\$ 156,058</u>	<u>\$ 268,807</u>	<u>\$ 112,749</u>

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

UNION COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL -FIVE-CENT GAS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues				
Taxes	\$ 374,045	\$ 374,045	\$ 395,110	\$ 21,065
Intergovernmental	2,855,142	2,855,142	848,819	(2,006,323)
FS 129 Statutory Reduction	(18,702)	(18,702)	-	18,702
Total revenues	<u>3,210,485</u>	<u>3,210,485</u>	<u>1,243,929</u>	<u>(1,966,556)</u>
Expenditures				
Transportation	2,855,142	2,855,142	848,818	2,006,324
Excess (deficiency) of revenues over (under) expenditures	<u>355,343</u>	<u>355,343</u>	<u>395,111</u>	<u>39,768</u>
Other financing sources (uses)				
Transfers Out	(500,361)	(500,361)	(500,361)	-
Net change in fund balance	<u>(145,018)</u>	<u>(145,018)</u>	<u>(105,250)</u>	<u>39,768</u>
Fund balance, beginning of year	274,796	274,796	274,796	-
Fund balance, end of year	<u><u>\$ 129,778</u></u>	<u><u>\$ 129,778</u></u>	<u><u>\$ 169,546</u></u>	<u><u>\$ 39,768</u></u>

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

UNION COUNTY, FLORIDA
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGETARY INFORMATION
SEPTEMBER 30, 2016

Note to Budgetary Comparison Schedule:

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

UNION COUNTY, FLORIDA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY-
LAST 10 FISCAL YEAR AS OF SEPTEMBER 30

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Florida Retirement System (FRS)			
Proportion of the net pension liability (asset)	0.021987085%	0.021787096%	0.020146996%
Proportionate share of the net pension liability (asset)	\$ 5,551,756	\$ 2,814,094	\$ 1,229,263
Covered-employee payroll	\$ 4,040,432	\$ 3,531,179	\$ 3,986,652
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	137.41%	79.69%	30.83%
Plan fiduciary net position as a percentage of the total pension liability	84.88%	92.00%	96.09%
Health Insurance Subsidy Program (HIS)			
Proportion of the net pension liability (asset)	0.013182168%	0.013182168%	0.013298568%
Proportionate share of the net pension liability (asset)	\$ 1,519,503	\$ 1,344,375	\$ 1,243,449
Covered-employee payroll	\$ 4,040,432	\$ 3,531,179	\$ 3,986,652
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	37.61%	38.07%	31.19%
Plan fiduciary net position as a percentage of the total pension liability	0.97%	0.50%	0.99%

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

**UNION COUNTY, FLORIDA
SCHEDULE OF CONTRIBUTIONS-
LAST 10 FISCAL YEAR AS OF SEPTEMBER 30**

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

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

Supplemental Information

**UNION COUNTY, FLORIDA
COMBINING BALANCE SHEETS
BOARD AND OFFICER GENERAL FUNDS
SEPTEMBER 30, 2016**

	<u>Board of County Commissioners</u>	<u>Clerk of Circuit Court</u>	<u>Sheriff</u>
ASSETS			
Cash and cash equivalents	\$ 1,270,510	\$ 155,095	\$ 188,812
Accounts receivable	33,830	-	-
Due from other governments	650,520	41,731	-
Due from other funds	542,631	25,872	-
Total Assets	<u><u>\$ 2,497,491</u></u>	<u><u>\$ 222,698</u></u>	<u><u>\$ 188,812</u></u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 146,265	\$ 38,175	\$ 123,911
Due to other governments	41,294	84,831	64,901
Due to other funds	264,008	-	-
Total liabilities	<u><u>451,567</u></u>	<u><u>123,006</u></u>	<u><u>188,812</u></u>
Fund Balances			
Restricted	-	99,692	-
Unassigned	2,045,924	-	-
Total fund balances	<u><u>2,045,924</u></u>	<u><u>99,692</u></u>	<u><u>-</u></u>
Total Liabilities and Fund balances	<u><u>\$ 2,497,491</u></u>	<u><u>\$ 222,698</u></u>	<u><u>\$ 188,812</u></u>

**UNION COUNTY, FLORIDA
COMBINING BALANCE SHEETS
BOARD AND OFFICER GENERAL FUNDS
SEPTEMBER 30, 2016**

	<u>Tax Collector</u>	<u>Property Appraiser</u>	<u>Supervisor of Elections</u>
ASSETS			
Cash and cash equivalents	\$ 14,061	\$ 45,526	\$ 7,977
Accounts receivable	-	-	336
Due from other governments	-	-	-
Due from other funds	-	-	-
Total Assets	<u><u>\$ 14,061</u></u>	<u><u>\$ 45,526</u></u>	<u><u>\$ 8,313</u></u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ -	\$ 12,470	\$ 7,490
Due to other governments	14,061	33,056	823
Due to other funds	-	-	-
Total liabilities	<u><u>14,061</u></u>	<u><u>45,526</u></u>	<u><u>8,313</u></u>
Fund Balances			
Restricted	-	-	-
Unassigned	-	-	-
Total fund balances	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Total Liabilities and Fund balances	<u><u>\$ 14,061</u></u>	<u><u>\$ 45,526</u></u>	<u><u>\$ 8,313</u></u>

**UNION COUNTY, FLORIDA
COMBINING BALANCE SHEETS
BOARD AND OFFICER GENERAL FUNDS
SEPTEMBER 30, 2016**

	<u>Subtotals</u>	<u>Interfund Eliminations</u>	<u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ 1,681,981	\$ -	\$ 1,681,981
Accounts receivable	34,166	-	34,166
Due from other governments	692,251	197,043	495,208
Due from other funds	568,503	264,008	304,495
Total Assets	<u>\$ 2,976,901</u>	<u>\$ 461,051</u>	<u>\$ 2,515,850</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 328,311	\$ -	\$ 328,311
Due to other governments	238,966	197,043	41,923
Due to other funds	264,008	264,008	-
Total liabilities	<u>831,285</u>	<u>461,051</u>	<u>370,234</u>
Fund Balances			
Restricted	99,692	-	99,692
Unassigned	2,045,924	-	2,045,924
Total fund balances	<u>2,145,616</u>	<u>-</u>	<u>2,145,616</u>
Total Liabilities and Fund balances	<u><u>\$ 2,976,901</u></u>	<u><u>\$ 461,051</u></u>	<u><u>\$ 2,515,850</u></u>

UNION COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BOARD AND OFFICER GENERAL FUNDS
SEPTEMBER 30, 2016

	Board of County Commissioners	Clerk of Circuit Court	Sheriff
Revenues			
Taxes	\$ 2,734,164	\$ -	\$ -
Licenses and permits	65,627	-	-
Intergovernmental	2,665,007	413,476	-
Charges for services	148,988	173,647	-
Miscellaneous revenues	39,246	26	-
Total revenues	<u>5,653,032</u>	<u>587,149</u>	<u>-</u>
Expenditures			
Current:			
General government	715,807	201,942	7,917
Public safety	610,367	-	1,872,138
Physical environment	138,141	-	-
Economic environment	6,946	-	-
Human services	283,899	-	-
Culture and recreation	32,574	-	-
Court related	217,307	474,646	-
Debt service:			
Principal	65,194	-	-
Interest	2,498	-	-
Total expenditures	<u>2,072,733</u>	<u>676,588</u>	<u>1,880,055</u>
Excess of revenues over (under) expenditures	<u>3,580,299</u>	<u>(89,439)</u>	<u>(1,880,055)</u>
Other financing sources (uses)			
Transfer out to others			
Transfers in	287,378	185,835	1,944,956
Transfers out	(3,772,556)	(84,832)	(64,901)
Loan proceeds	109,439	-	-
Total other financing sources	<u>(3,375,739)</u>	<u>101,003</u>	<u>1,880,055</u>
Net change in fund balances	<u>204,560</u>	<u>11,564</u>	<u>-</u>
Fund balances, beginning of year	1,841,364	88,128	-
Fund balances, end of year	<u>\$ 2,045,924</u>	<u>\$ 99,692</u>	<u>\$ -</u>

UNION COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BOARD AND OFFICER GENERAL FUNDS
SEPTEMBER 30, 2016

	Tax Collector	Property Appraiser	Supervisor of Elections
Revenues			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental	-	12,271	-
Charges for services	213,185	1,817	-
Miscellaneous revenues	1,701	37	-
Total revenues	<u>214,886</u>	<u>14,125</u>	<u>-</u>
Expenditures			
Current:			
General government	305,946	370,060	346,908
Public safety	-	-	-
Physical environment	-	-	-
Economic environment	-	-	-
Human services	-	-	-
Culture and recreation	-	-	-
Court related	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>305,946</u>	<u>370,060</u>	<u>346,908</u>
Excess of revenues over (under) expenditures	<u>(91,060)</u>	<u>(355,935)</u>	<u>(346,908)</u>
Other financing sources (uses)			
Transfer out to others	-	(629)	-
Transfers in	105,121	380,744	349,135
Transfers out	(14,061)	(24,180)	(823)
Loan proceeds	-	-	-
Total other financing sources	<u>91,060</u>	<u>355,935</u>	<u>348,312</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>1,404</u>
Fund balances, beginning of year	-	-	(1,404)
Fund balances, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

UNION COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BOARD AND OFFICER GENERAL FUNDS
SEPTEMBER 30, 2016

	Subtotals	Interfund Eliminations	Totals
Revenues			
Taxes	\$ 2,734,164	\$ -	\$ 2,734,164
Licenses and permits	65,627	-	65,627
Intergovernmental	3,090,754	-	3,090,754
Charges for services	537,637	-	537,637
Miscellaneous revenues	41,010	-	41,010
Total revenues	<u>6,469,192</u>	<u>-</u>	<u>6,469,192</u>
Expenditures			
Current:			
General government	1,948,580	-	1,948,580
Public safety	2,482,505	-	2,482,505
Physical environment	138,141	-	138,141
Economic environment	6,946	-	6,946
Human services	283,899	-	283,899
Culture and recreation	32,574	-	32,574
Court related	691,953	-	691,953
Debt Service:			
Principal	65,194	-	65,194
Interest	2,498	-	2,498
Total expenditures	<u>5,652,290</u>	<u>-</u>	<u>5,652,290</u>
Excess of revenues over (under) expenditures	<u>816,902</u>	<u>-</u>	<u>816,902</u>
Other financing sources (uses)			
Transfer out to others	(629)	-	(629)
Transfers in	3,253,169	(3,154,588)	98,581
Transfers out	(3,961,353)	3,154,588	(806,765)
Loan proceeds	109,439	-	109,439
Total other financing sources	<u>(599,374)</u>	<u>-</u>	<u>(599,374)</u>
Net change in fund balances	<u>217,528</u>	<u>-</u>	<u>217,528</u>
Fund balances, beginning of year	1,928,088	-	1,928,088
Fund balances, end of year	<u><u>\$ 2,145,616</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,145,616</u></u>

**UNION COUNTY, FLORIDA
COMBINING BALANCE SHEETS
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016**

	Sheriff Surcharge	Solid Waste	CDBG	911	Emergency Management	Public Library
ASSETS						
Cash and cash equivalents	\$ 29,440	\$ 251,977	\$ 6,227	\$ 3,608	\$ 67,869	\$ 133,984
Accounts receivable	-	1,718	-	-	31,907	-
Due from other governments	450	63,938	277	35,834	-	-
Due from other funds	-	1,627	-	-	3,542	-
Total Assets	\$ 29,890	\$ 319,260	\$ 6,504	\$ 39,442	\$ 103,318	\$ 133,984
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ -	\$ 32,649	\$ 367	\$ 11,281	\$ 54,809	\$ 6,377
Due to other governments	-	16,691	100	-	75	71
Due to other funds	-	57,163	6,000	11,454	12,048	20,993
Unearned revenues	-	-	-	-	-	-
Total liabilities	-	106,503	6,467	22,735	66,932	27,441
Fund Balances:						
Restricted	29,890	212,757	37	16,707	-	106,543
Assigned	-	-	-	-	36,386	-
Unassigned	-	-	-	-	-	-
Total fund balances	29,890	212,757	37	16,707	36,386	106,543
Total Liabilities and Fund balances	\$ 29,890	\$ 319,260	\$ 6,504	\$ 39,442	\$ 103,318	\$ 133,984

**UNION COUNTY, FLORIDA
COMBINING BALANCE SHEETS
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016**

	Local Housing	County Law Enforcement	Landfill LTC	Clerk Records Modernization	Sheriff Inmate Welfare	Intergovernmental Shared Revenue	Totals
ASSETS							
Cash and cash equivalents	\$ 36,134	\$ 26,715	\$ 75,479	\$ 85,730	\$ 49,371	\$ 6,324	\$ 772,858
Accounts receivable	-	-	-	-	-	-	33,625
Due from other governments	-	124	-	-	-	-	100,623
Due from other funds	-	-	-	1,501	-	-	6,670
Total Assets	\$ 36,134	\$ 26,839	\$ 75,479	\$ 87,231	\$ 49,371	\$ 6,324	\$ 913,776
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ -	\$ -	\$ 455	\$ -	\$ -	\$ -	\$ 105,938
Due to other governments	-	-	-	-	-	-	16,937
Due to other funds	5,247	-	-	8,359	-	-	121,264
Unearned revenues	30,887	-	-	-	-	-	30,887
Total liabilities	36,134	-	455	8,359	-	-	275,026
Fund Balances							
Restricted	-	26,839	75,024	78,872	49,371	6,324	602,364
Assigned	-	-	-	-	-	-	36,386
Unassigned	-	-	-	-	-	-	-
Total fund balances	-	26,839	75,024	78,872	49,371	6,324	638,750
Total Liabilities and Fund balances	\$ 36,134	\$ 26,839	\$ 75,479	\$ 87,231	\$ 49,371	\$ 6,324	\$ 913,776

UNION COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	Sheriff Surcharge	Law Library	Solid Waste	CDBG	911	Emergency Management	Public Library
Revenues							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 108,884
Licenses and permits	-	-	285,355	-	-	-	-
Intergovernmental	-	-	90,909	231,142	149,482	123,980	98,511
Charges for services	-	1,960	193,645	-	-	-	-
Fines and forfeitures	9,034	-	-	-	-	-	-
Miscellaneous revenues	25	-	16,382	-	1,022	575	17,543
Total revenues	<u>9,059</u>	<u>1,960</u>	<u>586,291</u>	<u>231,142</u>	<u>150,504</u>	<u>124,555</u>	<u>224,938</u>
Expenditures							
Current:							
Public safety	-	-	-	-	212,823	215,378	-
Physical environment	-	-	870,640	-	-	-	-
Economic environment	-	-	-	239,095	-	-	-
Culture and recreation	-	-	-	-	-	-	241,198
Court related	-	1,960	-	-	-	-	-
Debt service:							
Principal	-	-	23,694	-	-	-	-
Interest	-	-	213	-	-	-	-
Total expenditures	<u>-</u>	<u>1,960</u>	<u>894,547</u>	<u>239,095</u>	<u>212,823</u>	<u>215,378</u>	<u>241,198</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,059</u>	<u>-</u>	<u>(308,256)</u>	<u>(7,953)</u>	<u>(62,319)</u>	<u>(90,823)</u>	<u>(16,260)</u>
Other financing sources (uses)							
Contributions from joint venture	-	-	330,000	-	-	-	-
Sale of capital assets	-	-	7,932	-	-	-	-
Transfers in	-	-	293,417	-	62,093	61,204	-
Transfers out	-	(5,697)	(29,900)	-	-	-	-
Total other financing sources	<u>-</u>	<u>(5,697)</u>	<u>601,449</u>	<u>-</u>	<u>62,093</u>	<u>61,204</u>	<u>-</u>
Net change in fund balances	<u>9,059</u>	<u>(5,697)</u>	<u>293,193</u>	<u>(7,953)</u>	<u>(226)</u>	<u>(29,619)</u>	<u>(16,260)</u>
Fund balances, beginning of year	20,831	5,697	(80,436)	7,990	16,933	66,005	122,803
Fund balances, end of year	<u>\$ 29,890</u>	<u>\$ -</u>	<u>\$ 212,757</u>	<u>\$ 37</u>	<u>\$ 16,707</u>	<u>\$ 36,386</u>	<u>\$ 106,543</u>

UNION COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	Local Housing	County Law Enforcement	Landfill LTC	Clerk Records Modernization	Sheriff Inmate Welfare	Intergovernmental Shared Revenue	Total
Revenues							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 108,884
Licenses and permits	-	-	-	-	-	-	285,355
Intergovernmental	328,687	-	-	-	-	-	1,022,711
Charges for services	-	-	-	12,845	8,504	123,463	340,417
Fines and forfeitures	-	2,229	-	6,825	-	-	18,088
Miscellaneous revenues	10,185	26	61	-	-	6,324	52,143
Total revenues	<u>338,872</u>	<u>2,255</u>	<u>61</u>	<u>19,670</u>	<u>8,504</u>	<u>129,787</u>	<u>1,827,598</u>
Expenditures							
Current:							
Public safety	-	-	-	-	-	123,463	551,664
Physical environment	-	-	27,751	-	-	-	898,391
Economic environment	337,039	-	-	-	-	-	576,134
Culture and recreation	-	-	-	-	-	-	241,198
Court related	-	-	-	16,348	-	-	18,308
Debt service:							
Principal	-	-	-	-	-	-	23,694
Interest	-	-	-	-	-	-	213
Total expenditures	<u>337,039</u>	<u>-</u>	<u>27,751</u>	<u>16,348</u>	<u>-</u>	<u>123,463</u>	<u>2,309,602</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,833</u>	<u>2,255</u>	<u>(27,690)</u>	<u>3,322</u>	<u>8,504</u>	<u>6,324</u>	<u>(482,004)</u>
Other financing sources (uses)							
Contributions from joint venture	-	-	-	-	-	-	330,000
Sale of capital assets	-	-	-	-	-	-	7,932
Transfers in	-	-	29,900	-	-	-	446,614
Transfers out	(12,600)	-	-	-	-	-	(48,197)
Total other financing sources	<u>(12,600)</u>	<u>-</u>	<u>29,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>736,349</u>
Net change in fund balances	<u>(10,767)</u>	<u>2,255</u>	<u>2,210</u>	<u>3,322</u>	<u>8,504</u>	<u>6,324</u>	<u>254,345</u>
Fund balances, beginning of year	10,767	24,584	72,814	75,550	40,867	-	384,405
Fund balances, end of year	<u>\$ -</u>	<u>\$ 26,839</u>	<u>\$ 75,024</u>	<u>\$ 78,872</u>	<u>\$ 49,371</u>	<u>\$ 6,324</u>	<u>\$ 638,750</u>

UNION COUNTY, FLORIDA
COMBINED STATEMENT OF FIDUCIARY NET POSITION
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	Clerk of Circuit Court	Sheriff	Tax Collector	Total Agency Funds
Assets				
Cash and equivalents	\$ 255,389	\$ 3,225	\$ 124,456	\$ 383,070
Receivables	2,146	-	-	2,146
Due From other funds	49	-	-	49
Total Assets	257,584	3,225	124,456	385,265
Liabilities				
Assets held for others	207,700	3,225	124,456	335,381
Accounts payable and accrued expenses	17,422	-	-	17,422
Due to other funds	19,063	-	-	19,063
Due to other governments	13,399	-	-	13,399
Total Liabilities	257,584	3,225	124,456	385,265
Net Position	\$ -	\$ -	\$ -	\$ -

UNION COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2016

<u>State Grantor/Pass Through Grantor/Program Title</u>	<u>State CSFA Number</u>	<u>Contract Number</u>	<u>Expenditures</u>
<u>STATE FINANCIAL ASSISTANCE</u>			
Florida Department of Community Affairs			
Passed through Division of Emergency Management			
EMPA Base Grant	31.063	17-BG-83-03-73-01-070	\$ 26,755
EMPA Base Grant	31.063	16-BG-83-03-73-01-063	52,319
			<u>79,074</u>
Florida Department of Environmental Protection			
Small County Consolidated Grant	37.012	SC630	<u>90,909</u>
Florida Department of Management Services			
E911 Rural County Grant Fall Program - E911 Maintenance	72.001	16-04-20	4,749
E911 Rural County Grant Fall Program - E911 Maintenance	72.001	15-10-16	37,413
			<u>42,162</u>
Florida Department of State and Secretary of State			
State Aid to Libraries - Operating Grant	45.03	15-ST-42	71,790
State Aid to Libraries - Operating Grant	45.03	16-ST-41	51,068
			<u>122,858</u>
Florida Housing Finance Agency			
State Housing Initiatives Partnership	52.901	2014/2015	9,573
State Housing Initiatives Partnership	52.901	2015/2016	317,114
			<u>326,687</u>
Florida Department of Transportation			
Small County Road Assistance Program (SCRAP) - CR-231A	55.016	431644-1-58-01	<u>397,027</u>
Small County Outreach Program (SCOP) - CR239	55.009	430699-1-58-01	69,720
Small County Outreach Program (SCOP) - CR796A	55.009	432781-1-58-01	382,072
			<u>451,792</u>
State Highway Project Reimbursement - Traffic Signal	55.023	2015/2016	<u>3,800</u>
Florida Department of Health			
Emergency Medical Services Matching Grant	64.003	R4033	<u>80,460</u>
Florida Housing Finance Agency			
State Housing Initiatives Partnership	10.664	2015-2016	6,581
Total State Financial Assistance			<u><u>\$ 1,601,350</u></u>

Other Information

UNION COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - SOLID WASTE MANAGEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Original	Final	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Licenses and permits	\$ 284,000	\$ 284,000	\$ 285,355	\$ 1,355
Intergovernmental	90,909	90,909	90,909	-
Charges for Services	172,000	172,000	193,645	21,645
Miscellaneous Revenues	16,180	16,180	16,382	202
FS 129 Statutory Reduction	(23,609)	(23,609)	-	23,609
Total revenues	<u>539,480</u>	<u>539,480</u>	<u>586,291</u>	<u>46,811</u>
Expenditures				
Physical environment	1,009,049	1,016,049	870,640	145,409
Debt service:				
Principal	22,047	22,047	23,694	(1,647)
Interest	1,647	1,647	213	1,434
Total expenditures	<u>1,032,743</u>	<u>1,039,743</u>	<u>894,547</u>	<u>145,196</u>
				-
Excess (deficiency) of revenues over (under) expenditures	<u>(493,263)</u>	<u>(500,263)</u>	<u>(308,256)</u>	<u>192,007</u>
Other financing sources (uses)				
Contributions from joint venture	330,000	330,000	330,000	-
Sale of capital assets	-	-	7,932	7,932
Transfers in	293,417	293,417	293,417	-
Transfers out	(29,900)	(29,900)	(29,900)	-
Total other financing sources	<u>593,517</u>	<u>593,517</u>	<u>601,449</u>	<u>7,932</u>
Net change in fund balance	<u>100,254</u>	<u>93,254</u>	<u>293,193</u>	<u>199,939</u>
Fund balance, beginning of year	(80,436)	(80,436)	(80,436)	-
Fund balance, end of year	<u>\$ 19,818</u>	<u>\$ 12,818</u>	<u>\$ 212,757</u>	<u>\$ 199,939</u>

UNION COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - COMMUNITY DEVELOPMENT BLOCK GRANT
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues				
Intergovernmental	\$ 552,862	\$ 552,862	\$ 231,142	\$ (321,720)
Expenditures				
Economic environment	552,862	552,862	239,095	313,767
Net change in fund balance	<u>-</u>	<u>-</u>	<u>(7,953)</u>	<u>(7,953)</u>
Fund balance, beginning of year	7,990	7,990	7,990	-
Fund balance, end of year	<u><u>\$ 7,990</u></u>	<u><u>\$ 7,990</u></u>	<u><u>\$ 37</u></u>	<u><u>\$ (7,953)</u></u>

UNION COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - 911 COMMUNICATIONS ACCOUNT
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues				
Intergovernmental	\$ 160,000	\$ 160,000	\$ 149,482	\$ (10,518)
Miscellaneous Revenues	50	50	1,022	972
FS 129 Statutory Reduction	(1,053)	(1,053)	-	1,053
Total revenues	<u>158,997</u>	<u>158,997</u>	<u>150,504</u>	<u>(8,493)</u>
Expenditures				
Public Safety	273,667	273,667	212,823	60,844
Excess (deficiency) of revenues over (under) expenditures	<u>(114,670)</u>	<u>(114,670)</u>	<u>(62,319)</u>	<u>52,351</u>
Other financing sources (uses)				
Transfers in	62,093	62,093	62,093	-
Net change in fund balance	<u>(52,577)</u>	<u>(52,577)</u>	<u>(226)</u>	<u>52,351</u>
Fund balance, beginning of year	16,933	16,933	16,933	-
Fund balance, end of year	<u><u>\$ (35,644)</u></u>	<u><u>\$ (35,644)</u></u>	<u><u>\$ 16,707</u></u>	<u><u>\$ 52,351</u></u>

UNION COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL -COUNTY LAW ENFORCEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues				
Fines and forfeitures	\$ 2,000	\$ 2,000	\$ 2,229	\$ 229
Miscellaneous revenues	-	-	26	26
FS 129 statutory reduction	(100)	(100)	-	100
Total revenues	<u>1,900</u>	<u>1,900</u>	<u>2,255</u>	<u>355</u>
Expenditures				
Public safety	21,204	21,204	-	21,204
Net change in fund balance	<u>(19,304)</u>	<u>(19,304)</u>	<u>2,255</u>	<u>21,559</u>
Fund balance, beginning of year	24,584	24,584	24,584	-
Fund balance, end of year	<u><u>\$ 5,280</u></u>	<u><u>\$ 5,280</u></u>	<u><u>\$ 26,839</u></u>	<u><u>\$ 21,559</u></u>

UNION COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - EMERGENCY MANAGEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues				
Intergovernmental	\$ 150,408	\$ 162,716	\$ 123,980	\$ (38,736)
Miscellaneous revenues	-	-	575	575
Total revenues	<u>150,408</u>	<u>162,716</u>	<u>124,555</u>	<u>(38,161)</u>
Expenditures				
Public safety	247,387	259,695	215,378	44,317
Excess (deficiency) of revenues over (under) expenditures	<u>(96,979)</u>	<u>(96,979)</u>	<u>(90,823)</u>	<u>6,156</u>
Other financing sources (uses)				
Transfer in	61,204	61,204	61,204	-
Net change in fund balance	<u>(35,775)</u>	<u>(35,775)</u>	<u>(29,619)</u>	<u>6,156</u>
Fund balance, beginning of year	66,005	66,005	66,005	-
Fund balance, end of year	<u><u>\$ 30,230</u></u>	<u><u>\$ 30,230</u></u>	<u><u>\$ 36,386</u></u>	<u><u>\$ 6,156</u></u>

UNION COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - PUBLIC LIBRARY
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues				
Taxes	\$ 112,081	\$ 112,081	\$ 108,884	(3,197)
Intergovernmental	98,682	98,682	98,511	(171)
Miscellaneous revenues	19,000	69,000	17,543	(51,457)
FS 129 Statutory Reduction	(6,554)	(6,554)	-	6,554
Total revenues	<u>223,209</u>	<u>273,209</u>	<u>224,938</u>	<u>(48,271)</u>
 Expenditures				
Culture and Recreation	355,103	407,603	241,198	166,405
 Net change in fund balance	<u>(131,894)</u>	<u>(134,394)</u>	<u>(16,260)</u>	<u>118,134</u>
 Fund balance, beginning of year	122,803	122,803	122,803	-
 Fund balance, end of year	<u><u>\$ (9,091)</u></u>	<u><u>\$ (11,591)</u></u>	<u><u>\$ 106,543</u></u>	<u><u>\$ 118,134</u></u>

UNION COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - LANDFILL LONG-TERM CARE
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues				
Miscellaneous revenues	\$ 65	\$ 65	\$ 61	\$ (4)
FS 129 Statutory Reduction	(3)	(3)	-	3
Total revenues	<u>62</u>	<u>62</u>	<u>61</u>	<u>(1)</u>
Expenditures				
Physical environment	33,415	33,415	27,751	5,664
Excess (deficiency) of revenues over (under) expenditures	<u>(33,353)</u>	<u>(33,353)</u>	<u>(27,690)</u>	<u>5,663</u>
Other financing sources (uses)				
Transfer in	29,900	29,900	29,900	-
Net change in fund balance	<u>(3,453)</u>	<u>(3,453)</u>	<u>2,210</u>	<u>5,663</u>
Fund balance, beginning of year	72,814	72,814	72,814	-
Fund balance, end of year	<u><u>\$ 69,361</u></u>	<u><u>\$ 69,361</u></u>	<u><u>\$ 75,024</u></u>	<u><u>\$ 5,663</u></u>

UNION COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL -SHERIFF'S SURCHARGE
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues				
Fines and forfeitures	\$ 8,000	\$ 8,000	\$ 9,034	\$ 1,034
Miscellaneous revenues	-	-	25	25
FS 129 statutory reduction	(400)	(400)	-	400
Total revenues	<u>7,600</u>	<u>7,600</u>	<u>9,059</u>	<u>1,459</u>
Expenditures				
Public safety	22,250	22,250	-	22,250
Net change in fund balance	<u>(14,650)</u>	<u>(14,650)</u>	<u>9,059</u>	<u>23,709</u>
Fund balance, beginning of year	20,831	20,831	20,831	-
Fund balance, end of year	<u><u>\$ 6,181</u></u>	<u><u>\$ 6,181</u></u>	<u><u>\$ 29,890</u></u>	<u><u>\$ 23,709</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**

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

Report on the Financial Statements

We have audited the financial statements of Union County, Florida, as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated August 30, 2017.

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 on the liabilities, net position and expenditures of the government-wide financial statements of Union County, Florida is unknown.

Auditors' Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major State Project and Report on Internal Control over Compliance in Accordance with Chapter 10.550 Rules of the Florida Auditor General; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated August 30, 2017, should be considered in conjunction with this management letter.

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Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. Union County, Florida was established by Chapter 8516, Laws of Florida in 1921. The Clerk of Circuit Court serves as Clerk to the Board pursuant to Section 215.17, Florida Statutes. Union County, Florida included the following component unit: The Union County Special Library District.

Financial Condition

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires that we report the results of our determination as to whether or not Union County, Florida 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.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor 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.

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for Union County, Florida for the fiscal year ended September 30, 2016, 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, 2016. In connection with our audit, we determined that these two reports were in agreement.

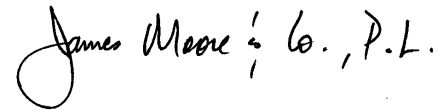
Other Matters

Section 10.554(1)(i)2., 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 have no such recommendations.

Section 10.554(1)(i)3., 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.

Purpose of this Letter

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

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive, flowing style. The first letter "J" is large and loops around. The "Co." is written with a small "i" and a period. The "P.L." is written with a period after the "L".

Gainesville, Florida
August 30, 2017

**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, 2016, 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 August 30, 2017.

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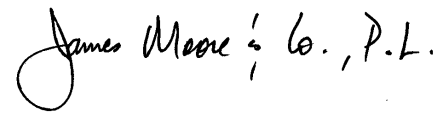
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given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

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

Gainesville, Florida
August 30, 2017

**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, 2016. 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.

Auditors' 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 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, 2016.

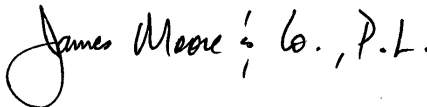
Report on Internal Control over Compliance

Management of 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 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 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 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 Moore & Co., P.L.

Gainesville, Florida
August 30, 2017

**UNION COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

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:

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

Section III. State Financial Assistance Findings and Questioned Costs:

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

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

There were no audit findings for the year ended September 30, 2015.

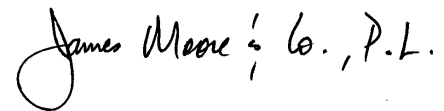
INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

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

We have examined the Union County Board of County Commissioners' compliance with Section 365.172, Florida Statutes, *Emergency Communications Number "E911"*, Section 365.173, Florida Statutes, *Communications Number E911 System Fund*, and Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2016. Management is responsible for the Union County Board of County Commissioners' compliance with those requirements. Our responsibility is to express an opinion on the Union County Board of County Commissioners' compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Union County Board of County Commissioners' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Union County Board of County Commissioners' compliance with specified requirements.

In our opinion, the Union County Board of County Commissioners complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.



James Moore & Co., P.L.

Gainesville, Florida
August 30, 2017

SPECIAL PURPOSE FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
UNION COUNTY CLERK OF THE CIRCUIT COURT
SEPTEMBER 30, 2016

**SPECIAL PURPOSE FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
UNION COUNTY CLERK OF THE CIRCUIT COURT
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SEPTEMBER 30, 2016**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund of the Union County Clerk of the Circuit Court, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Union County Clerk of the Circuit Court's financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund for the Union County Clerk of the Circuit Court as of September 30, 2016, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund, only for that portion of the major funds, of Union County, Florida, that is attributable to the Union County Clerk of the Circuit Court. They do not purport to, and do not, present fairly the financial position of Union County, Florida as of September 30, 2016, the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

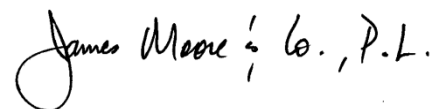
Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

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



Gainesville, Florida
August 30, 2017

UNION COUNTY CLERK OF THE CIRCUIT COURT
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	<u>General Fund</u>	<u>Records Modernization</u>	<u>Total Governmental Funds</u>
Assets			
Cash and Equivalents	\$ 155,095	\$ 85,730	\$ 240,825
Due From Other Funds	25,872	1,501	27,373
Due From Other Governments	41,731	-	41,731
Total Assets	<u>222,698</u>	<u>87,231</u>	<u>309,929</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable and Accrued Expenses	\$ 38,175	\$ -	\$ 38,175
Due to Other Funds	-	8,359	8,359
Due to Other Governments	84,831	-	84,831
Total Liabilities	<u>123,006</u>	<u>8,359</u>	<u>131,365</u>
Fund Balances			
Restricted	<u>99,692</u>	<u>78,872</u>	<u>178,564</u>
Total Liabilities and Fund Balances	<u>\$ 222,698</u>	<u>\$ 87,231</u>	<u>\$ 309,929</u>

UNION COUNTY CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	General Fund	Records Modernization	Total Governmental Funds
Revenues:			
Intergovernmental Revenue	\$ 413,476	\$ -	\$ 413,476
Charges for Services	173,647	12,845	186,492
Fines and Forfeitures	-	6,825	6,825
Miscellaneous Revenue	26	-	26
Total Revenues	<u>587,149</u>	<u>19,670</u>	<u>606,819</u>
Expenditures:			
Current:			
General Government	201,942	-	201,942
Court Related	474,646	16,348	490,994
Total Expenditures	<u>676,588</u>	<u>16,348</u>	<u>692,936</u>
Excess Revenues Over (Under) Expenditures	<u>(89,439)</u>	<u>3,322</u>	<u>(86,117)</u>
Other Financing Sources (Uses)			
Appropriation from Board of County Commissioners	185,835	-	185,835
Reversion to Board of County Commissioners	(84,832)	-	(84,832)
Total Other Financing Sources (Uses)	<u>101,003</u>	<u>-</u>	<u>101,003</u>
Net Change in Fund Balance	11,564	3,322	14,886
Fund Balance October 1, 2015	<u>88,128</u>	<u>75,550</u>	<u>163,678</u>
Fund Balance September 30, 2016	<u><u>\$ 99,692</u></u>	<u><u>\$ 78,872</u></u>	<u><u>\$ 178,564</u></u>

UNION COUNTY CLERK OF THE CIRCUIT COURT
STATEMENT OF FIDUCIARY NET POSITION
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	<u>Agency Funds</u>
Assets	
Cash and Equivalents	\$ 255,389
Receivables	2,146
Due From Other Funds	49
Total Assets	<u>257,584</u>
Liabilities	
Assets Held for Others	207,700
Accounts Payable and Accrued Expenses	17,422
Due to Other Funds	19,063
Due to Other Governments	13,399
Total Liabilities	<u>257,584</u>
Net Position	<u><u>\$ -</u></u>

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
UNION COUNTY CLERK OF THE CIRCUIT COURT

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

B. Basis of Presentation

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

C. Fund Accounting

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

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

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

The Office reports the following Special Revenue fund:

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

Additionally, the Office reports the following fiduciary fund type:

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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
UNION COUNTY CLERK OF THE CIRCUIT COURT

I. Summary of Significant Accounting Policies (Continued)

D. Measurement Focus/Basis of Accounting

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

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

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

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

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

E. Capital Assets and Long-Term Liabilities

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

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

F. Cash

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

G. Accounts Payable

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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
UNION COUNTY CLERK OF THE CIRCUIT COURT

I. Summary of Significant Accounting Policies (Continued)

H. Fund Balance

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

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

I. Use of Estimates

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

J. Compensated Absences

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

K. Fair Value Measurement

The Office categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices for identical investments in active markets; Level 2 inputs are observable inputs other than quoted market prices; Level 3 inputs are unobservable inputs. The Office had no assets of liabilities carried at fair value at September 30, 2016.

II. Detailed Notes on All Funds

A. Investments

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

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

Concentration of Credit Risk. The Office places no limit on the amount the Office may invest in any one issuer. At September 30, 2016, the Office had no investments.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
UNION COUNTY CLERK OF THE CIRCUIT COURT

II. Detailed Notes on All Funds (Continued)

B. *Risk Management*

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

III. Other Information

A. *Employee Retirement Systems and Plans*

i. General Information about the Pension Plan

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

In addition, all regular employees of the Office are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended September 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
UNION COUNTY CLERK OF THE CIRCUIT COURT

III. Other Information (Continued)

A. Employee Retirement Systems and Plans (Continued)

i. General Information about the Pension Plan (Continued)

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

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

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

The State of Florida establishes contribution rates for participating employers and employees. Contribution rates during the 2015-16 fiscal year were as follows:

Class	Percent of Gross Salary	
	Employee	Employer (A)
FRS – Regular	3.00	7.26
FRS – Special Risk	3.00	22.04
FRS – EOC County	3.00	42.27
FRS – SMSC	3.00	21.43
Drop – Applicable to members from all of the above	0.00	12.88
FRS – Reemployed Retiree	(A)	(A)

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
UNION COUNTY CLERK OF THE CIRCUIT COURT

III. Other Information (Continued)

A. Employee Retirement Systems and Plans (Continued)

i. General Information about the Pension Plan (Continued)

Contribution rates during the 2014-15 fiscal year were as follows:

Class	Percent of Gross Salary	
	Employee	Employer (A)
FRS – Regular	3.00	7.37
FRS – Special Risk	3.00	19.82
FRS – EOC County	3.00	43.24
FRS – SMSC	3.00	21.14
Drop – Applicable to members from all of the above	0.00	12.28
FRS – Reemployed Retiree	(B)	(B)

Notes:

- A. Employer rates for the 2015-16 fiscal year include 1.66 percent for the postemployment HIS (health insurance subsidy). Also, employer rates, other than for DROP participants, include 0.03 percent for administrative costs of the Investment Plan.
- B. Employer rates for the 2014-15 fiscal year include 1.26 percent for the postemployment HIS (health insurance subsidy). Also, employer rates, other than for DROP participants, include 0.03 percent for administrative costs of the Investment Plan.
- C. Contribution rates are dependent upon retirement class in which reemployed.

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

	2016	2015	2014
Contributions – FRS	\$ 62,863	\$ 65,808	\$ 54,443
Contributions – HIS	8,110	6,352	6,181
Employee Contributions – FRS	14,657	15,123	15,452

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850)413-5511; or at the Department's Web site (www.myfloridacfo.com). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services, Division of Retirement, Research and Education Section, by mail at P.O. Box 9000, Tallahassee, Florida 32315-9000; by telephone toll free at (877)377-1737 or (850)488-5706; by e-mail at rep@dms.myflorida.com; or at the Division's Web site (www.frs.myflorida.com).

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
UNION COUNTY CLERK OF THE CIRCUIT COURT

III. Other Information (Continued)

A. Employee Retirement Systems and Plans (Continued)

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

At September 30, 2016, the Office reported a liability of \$736,187 for its proportionate share of the net pension liability, \$551,738 related to FRS and \$184,449 to HIS. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Office's proportion of the net pension liability was based on a projection of the Office's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2016 and June 30, 2015, the Office's FRS proportion was 0.002185096% and 0.002320508%, respectively. At June 30, 2016 and June 30, 2015, the Office's HIS proportion was .001582630% and .001661637%, respectively. For the year ended September 30, 2016, the Office's recognized pension expense of \$105,803 from FRS and \$12,849 from HIS, for a grand total of \$118,652.

Deferred outflows/inflows related to pensions:

At September 30, 2016, the Office reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 42,245	\$ (5,137)	\$ -	\$ (420)
Changes of assumptions	33,379	-	28,945	-
Net different between projected and actual investment earnings	142,618	-	93	-
Change in proportionate share	89,136	(16,094)	-	(13,361)
Contributions subsequent to measurement date	13,637	-	1,648	-
	<u>\$ 321,015</u>	<u>\$ (21,231)</u>	<u>\$ 30,686</u>	<u>\$ (13,781)</u>

The above amounts for deferred outflows of resources for contributions related to pensions resulting from Office contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

Year Ending September 30,	Amount
2017	\$ 53,678
2018	53,678
2019	109,262
2020	70,623
2021	10,275
Thereafter	3,888
Total	<u>\$ 301,404</u>

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
UNION COUNTY CLERK OF THE CIRCUIT COURT

III. Other Information (Continued)

A. Employee Retirement Systems and Plans (Continued)

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

Actuarial assumptions:

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

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

Long-term expected rate of return:

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

Asset Class	Target Allocation	Long-Term Arithmetic Expected Rate of Return
Cash	1.0%	3.0%
Fixed income	18.0%	4.7%
Global equities	53.0%	8.1%
Real estate	10.0%	6.4%
Private equity	6.0%	11.5%
Strategic investments	12.0%	6.1%
Total	<u>100.0%</u>	

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
UNION COUNTY CLERK OF THE CIRCUIT COURT

III. Other Information (Continued)

A. Employee Retirement Systems and Plans (Continued)

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

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

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

<u>Plan</u>	<u>Current Discount Rate</u>	<u>NPL with 1% Decrease</u>	<u>NPL at Current Discount Rate</u>	<u>NPL with 1% Increase</u>
FRS	7.60%	\$ 1,015,788	\$ 551,738	\$ 165,479
HIS	2.85%	211,605	184,449	161,911

B. Budgets and Budgetary Accounting

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

Required Supplementary Information

UNION COUNTY CLERK OF THE CIRCUIT COURT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND - BUDGET AND ACTUAL
SEPTEMBER 30, 2016

	Original	Final	Actual	Variance with Final Budget - Positive (Negative)
Revenues:				
Intergovernmental Revenue	\$ 425,919	410,052	\$ 413,476	\$ 3,424
Charges for Services	159,290	159,290	173,647	14,357
Miscellaneous Revenue	-	-	26	26
Total Revenues	<u>585,209</u>	<u>569,342</u>	<u>587,149</u>	<u>17,807</u>
Expenditures:				
Current:				
General Government	212,515	212,515	201,942	10,573
Court Related	433,849	479,918	474,646	5,272
Total Expenditures	<u>646,364</u>	<u>692,433</u>	<u>676,588</u>	<u>15,845</u>
Excess Revenues Over (Under)				
Expenditures	<u>(61,155)</u>	<u>(123,091)</u>	<u>(89,439)</u>	<u>33,652</u>
Other Financing Sources (Uses)				
Appropriation from Board of County Commissioners	185,835	185,835	185,835	-
Reversion to Board of County Commissioners	1,820	(63,144)	(84,832)	(21,688)
Total Other Financing Sources	<u>187,655</u>	<u>122,691</u>	<u>101,003</u>	<u>(21,688)</u>
Net Change in Fund Balance	126,500	(400)	11,564	11,964
Fund Balance October 1, 2015	<u>88,128</u>	<u>88,128</u>	<u>88,128</u>	<u>-</u>
Fund Balance September 30, 2016	<u>\$ 214,628</u>	<u>\$ 87,728</u>	<u>\$ 99,692</u>	<u>\$ 11,964</u>

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

UNION COUNTY CLERK OF THE CIRCUIT COURT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
RECORDS MODERNIZATION TRUST FUND - BUDGET AND ACTUAL
SEPTEMBER 30, 2016

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues:				
Charges for Services	10,800	10,800	12,845	2,045
Fines and Forfeitures	5,999	5,999	6,825	826
Total Revenues	<u>16,799</u>	<u>16,799</u>	<u>19,670</u>	<u>2,871</u>
Expenditures:				
Current:				
Court Related	<u>21,631</u>	<u>21,631</u>	<u>16,348</u>	<u>5,283</u>
Net Change in Fund Balance	<u>(4,832)</u>	<u>(4,832)</u>	<u>3,322</u>	<u>8,154</u>
Fund Balance October 1, 2015	<u>75,550</u>	<u>75,550</u>	<u>75,550</u>	<u>-</u>
Fund Balance September 30, 2016	<u>\$ 70,718</u>	<u>\$ 70,718</u>	<u>\$ 78,872</u>	<u>\$ 8,154</u>

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

**UNION COUNTY CLERK OF CIRCUIT COURT
NOTE TO SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

A. Budgetary Information:

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

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

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

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

	2016	2015	2014
Florida Retirement System (FRS)			
Proportion of the net pension liability (asset)	0.002185096%	0.002320508%	0.002006564%
Proportionate share of the net pension liability (asset)	\$ 551,738	\$ 299,725	\$ 122,430
Covered-employee payroll	488,581	504,114	515,087
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	112.93%	59.46%	23.77%
Plan fiduciary net position as a percentage of the total pension liability	84.88%	92.00%	96.09%
Health Insurance Subsidy Program (HIS)			
Proportion of the net pension liability (asset)	0.001582630%	0.001661637%	0.001733610%
Proportionate share of the net pension liability (asset)	\$ 184,449	\$ 169,461	\$ 162,097
Covered-employee payroll	488,581	504,114	515,087
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	37.75%	33.62%	31.47%
Plan fiduciary net position as a percentage of the total pension liability	0.97%	0.50%	0.99%

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

**UNION COUNTY CLERK OF CIRCUIT COURT
SCHEDULE OF CONTRIBUTIONS -
LAST 10 FISCAL YEAR AS OF SEPTEMBER 30**

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

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

UNION COUNTY CLERK OF THE CIRCUIT COURT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
SEPTEMBER 30, 2016

	General Agency Fund	Domestic Relations Fund	Registry of Court Fund	Total Agency Funds
Assets				
Cash and Equivalents	\$ 95,514	\$ 3,133	\$ 156,742	\$ 255,389
Receivables	2,146	-	-	2,146
Due From Other Funds	-	-	49	49
Total Assets	<u>97,660</u>	<u>3,133</u>	<u>156,791</u>	<u>257,584</u>
Liabilities				
Assets Held for Others	50,478	431	156,791	207,700
Accounts Payable and Accrued Expenses	17,422	-	-	17,422
Due to Other Funds	16,482	2,581	-	19,063
Due to Other Governments	13,278	121	-	13,399
Total Liabilities	<u>97,660</u>	<u>3,133</u>	<u>156,791</u>	<u>257,584</u>
Net Position	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

ADDITIONAL INFORMATION

SEPTEMBER 30, 2016

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

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

We have audited the special purpose financial statements of the Union County Clerk of the Circuit Court, as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated August 30, 2017.

Auditors' Responsibility

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

Other Reports

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, and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in these reports, which are dated August 30, 2017, should be considered in conjunction with this management letter.

Prior Audit Findings

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

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Official Title and Legal Authority

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

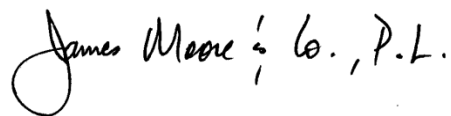
Other Matters

Section 10.554(1)(i)2., 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)3., 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.

Purpose of this Letter

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

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

Gainesville, Florida
August 30, 2017

**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, 2016, and the related notes to the financial statements, which collectively comprise the Union County Clerk of the Circuit Court's special purpose financial statements, and have issued our report thereon dated July 28, 2017, 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.

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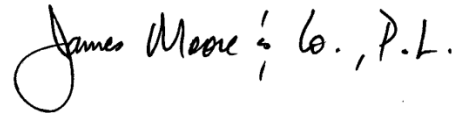
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given 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 the Union County Clerk of the Circuit Court's special purpose financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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Gainesville, Florida
August 30, 2017

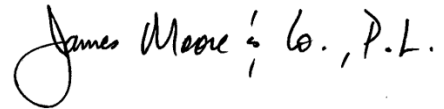
INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

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

We have examined the Union County Clerk of the Circuit Court's compliance with Section 28.35, 28.36, 218.415, and 61.181 Florida Statutes, for the year ended September 30, 2016. Management is responsible for the Union County Clerk of the Circuit Court's compliance with those requirements. Our responsibility is to express an opinion on the Union County Clerk of the Circuit Court's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Union County Clerk of the Circuit Court's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Union County Clerk of the Circuit Court's compliance with specified requirements.

In our opinion, the Union County Clerk of the Circuit Court complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.



Gainesville, Florida
August 30, 2017

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SPECIAL PURPOSE FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITORS' REPORT

UNION COUNTY SHERIFF

SEPTEMBER 30, 2016

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

UNION COUNTY SHERIFF

SEPTEMBER 30, 2016

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund of the Union County Sheriff, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Union County Sheriff's financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund for the Union County Sheriff as of September 30, 2016, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund, only for that portion of the major funds, of Union County, Florida, that is attributable to the Union County Sheriff. They do not purport to, and do not, present fairly the financial position of Union County, Florida as of September 30, 2016, the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

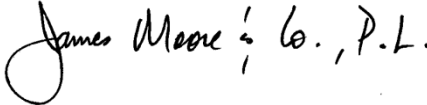
Other Matters

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

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

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Gainesville, Florida
August 30, 2017

**UNION COUNTY SHERIFF
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016**

	<u>General Fund</u>	<u>Special Revenue Inmate Welfare Fund</u>	<u>Special Revenue Intergovernmental Shared Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and equivalents	<u>\$ 188,812</u>	<u>\$ 49,371</u>	<u>\$ 6,324</u>	<u>\$ 244,507</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable and accrued expenditures	\$ 123,911	\$ -	\$ -	\$ 123,911
Due to other governments	64,901	-	-	64,901
Total Liabilities	<u>188,812</u>	<u>-</u>	<u>-</u>	<u>188,812</u>
Fund Balance:				
Restricted	-	49,371	-	49,371
Unassigned	-	-	6,324	6,324
Total Liabilities and Fund Balance	<u>\$ 188,812</u>	<u>\$ 49,371</u>	<u>\$ 6,324</u>	<u>\$ 244,507</u>

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

UNION COUNTY SHERIFF
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	General Fund	Special Revenue		Total Governmental Funds
		Inmate Welfare Fund	Intergovernmental Shared Fund	
Revenues				
Intergovernmental	\$ -	\$ -	\$ 123,463	\$ 123,463
Charges for services	-	8,504	-	8,504
Miscellaneous revenue	-	-	6,324	6,324
Total revenues	-	8,504	129,787	138,291
Expenditures				
General government	7,917	-	-	7,917
Public safety	1,872,138	-	123,463	1,995,601
Total expenditures	1,880,055	-	123,463	2,003,518
Excess (deficiency) of revenues over (under) expenditures	(1,880,055)	8,504	6,324	(1,865,227)
Other financing sources				
Appropriations from board of county commissioners	1,944,956	-	-	1,944,956
Reversion to board of county commissioners	(64,901)	-	-	(64,901)
Total other financing sources	1,880,055	-	-	1,880,055
Net change in fund balance	-	8,504	6,324	14,828
Fund balance, beginning of year	-	40,867	-	40,867
Fund balance, end of year	\$ -	\$ 49,371	\$ 6,324	\$ 55,695

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

**UNION COUNTY SHERIFF
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2016**

	<u>Fines & Bonds Fund</u>
ASSETS	
Cash and equivalents	<u>\$ 3,225</u>
LIABILITIES AND NET POSITION	
Liabilities:	
Assets held for others	<u>\$ 3,225</u>
Net position	
Unassigned	-
Total Liabilities and Net Position	<u><u>\$ 3,225</u></u>

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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
UNION COUNTY SHERIFF

I. Summary of Significant Accounting Policies

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

A. *Reporting Entity*

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

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

B. *Basis of Presentation*

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

C. *Fund Accounting*

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

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

Governmental Funds

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

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

Additionally, the Sheriff reports the following fund type:

Fiduciary Funds

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

D. *Measurement Focus/Basis of Accounting*

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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
UNION COUNTY SHERIFF

I. Summary of Significant Accounting Policies (continued)

D. Measurement Focus/Basis of Accounting (continued)

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

E. 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.

F. 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	4-6
Building and Improvements	20
Computer software	3-10
Machinery and Equipment	3-20

G. Accounts Payable

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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
UNION COUNTY SHERIFF

I. Summary of Significant Accounting Policies (Continued)

H. Fund Balance

Fund balance for governmental funds report classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. At September 30, 2016, fund balances of the governmental funds are classified as follows:

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

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

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

I. Use of Estimates

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

J. Compensated Absences

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

K. Fair Value Measurement

The Office categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices for identical investments in active markets; Level 2 inputs are observable inputs other than quoted market prices; Level 3 inputs are unobservable inputs. As of September 30, 2016 there were no assets or liabilities recorded at fair values.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
UNION COUNTY SHERIFF

II. Detailed Notes on All Funds

A. Investments

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

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

Concentration of Credit Risk. The Office places no limit on the amount the Office may invest in any one

B. Risk Management

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

C. Deferred Compensation Plan

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

D. Changes in Capital Assets

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Machinery and Equipment	\$ 1,019,411	\$ 84,401	\$ (114,975)	\$ 988,837
Building and Improvement	22,317	—	—	22,317
Vehicles	787,896	74,734	(81,254)	781,376
Computer Software	108,842	—	—	108,842
Total capital assets, being depreciated	<u>1,938,466</u>	<u>159,135</u>	<u>(196,229)</u>	<u>1,901,372</u>
Less accumulated depreciation for:				
Machinery and Equipment	(747,277)	(91,499)	113,337	(725,439)
Building and Improvement	(4,464)	(1,116)	—	(5,580)
Vehicles	(530,172)	(81,190)	81,254	(530,108)
Computer Software	(104,852)	(1,548)	—	(106,400)
Total accumulated depreciation	<u>(1,386,765)</u>	<u>(175,353)</u>	<u>194,591</u>	<u>(1,367,527)</u>
Total capital assets being depreciated, net	<u>\$ 551,701</u>	<u>\$ (16,218)</u>	<u>\$ (1,638)</u>	<u>\$ 533,845</u>

Depreciation expense of \$175,353 was charged to the public safety function of the County.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
UNION COUNTY SHERIFF

III. Other Information

A. Employee Retirement Systems and Plans

i. General Information about the Pension Plan

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

In addition, all regular employees of the Office are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended September 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

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

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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
UNION COUNTY SHERIFF

III. Other Information (Continued)

A. Employee Retirement Systems and Plans (Continued)

i. General Information about the Pension Plan (Continued)

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

The State of Florida establishes contribution rates for participating employers and employees. Contribution rates during the 2015-16 fiscal year were as follows:

Class	Percent of Gross Salary	
	Employee	Employer (A)
FRS – Regular	3.00	7.26
FRS – Special Risk Regular	3.00	22.04
FRS – EOC County	3.00	42.27
FRS - SMSC	3.00	21.43
Drop – Applicable to members from all of the above	0.00	12.88
FRS – Reemployed Retiree	(C)	(C)

Contribution rates during the 2014-15 fiscal year were as follows:

Class	Percent of Gross Salary	
	Employee	Employer (B)
FRS – Regular	3.00	7.37
FRS – Special Risk Regular	3.00	19.82
FRS – EOC County	3.00	43.24
FRS - SMSC	3.00	21.14
Drop – Applicable to members from all of the above	0.00	12.88
FRS – Reemployed Retiree	(C)	(C)

Notes:

- A. Employer rates for the 2015-16 fiscal year include 1.66 percent for the postemployment HIS (health insurance subsidy). Also, employer rates, other than for DROP participants, include 0.03 percent for administrative costs of the Investment Plan.
- B. Employer rates for the 2014-15 fiscal year include 1.26 percent for the postemployment HIS (health insurance subsidy). Also, employer rates, other than for DROP participants, include 0.03 percent for administrative costs of the Investment Plan.
- C. Contribution rates are dependent upon retirement class in which reemployed.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
UNION COUNTY SHERIFF**

III. Other Information (Continued)

A. Employee Retirement Systems and Plans (Continued)

i. General Information about the Pension Plan (Continued)

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contributions – FRS	\$ 148,054	\$ 138,363	\$ 129,202
Contributions – HIS	15,442	11,830	11,188
Employee Contributions – FRS	22,912	23,144	24,921

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850)413-5511; or at the Department's Web site (www.myfloridacfo.com). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services, Division of Retirement, Research and Education Section, by mail at P.O. Box 9000, Tallahassee, Florida 32315-9000; by telephone toll free at (877)377-1737 or (850)488-5706; by e-mail at rep@dms.myflorida.com; or at the Division's Web site (www.frs.myflorida.com).

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

At September 30, 2016, the Office reported a liability of \$1,767,078 for its proportionate share of the net pension liability, \$1,416,722 related to FRS and \$350,356 to HIS. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Office's proportion of the net pension liability was based on a projection of the Office's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2016 and June 30, 2015, the Office's FRS proportion was 0.00561076404641864% and 0.005214528%, respectively. At June 30, 2016 and June 30, 2015, the Office's HIS proportion was 0.00300616725409584% and 0.003094755%, respectively. For the year ended September 30, 2016, the Office's recognized pension expense of \$232,586 from FRS and \$28,580 from HIS, for a grand total of \$261,166.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
UNION COUNTY SHERIFF

III. Other Information (Continued)

A. Employee Retirement Systems and Plans (Continued)

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

Deferred outflows/inflows related to pensions:

At September 30, 2016, the Office reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 108,475	\$ (13,191)	\$ -	\$ (798)
Changes of assumptions	85,707	-	54,980	-
Net different between projected and actual investment earnings	366,205	-	177	-
Change in proportionate share	75,179	-	-	(9,978)
Contributions subsequent to measurement date	44,533	-	4,899	-
	<u>\$ 680,099</u>	<u>\$ (13,191)</u>	<u>\$ 60,056</u>	<u>\$ (10,776)</u>

The above amounts for deferred outflows of resources for contributions related to pensions resulting from Office contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

2017	\$ 101,144
2018	101,144
2019	243,879
2020	171,061
2021	38,253
Thereafter	16,174
Total	<u>\$ 671,655</u>

Actuarial assumptions:

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

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth for both plans is assumed at 2.85%. Both the discount rate and the long-term expected rate of return used for FRS investments is 7.60%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
UNION COUNTY SHERIFF

III. Other Information (Continued)

A. Employee Retirement Systems and Plans (Continued)

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

Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 2.85% was used to determine the total pension for the program. This rate decreased from the prior year rate, which was 3.80%. Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables.

Long-term expected rate of return:

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Arithmetic Expected Rate of Return</u>
Cash	1.0%	3.0%
Fixed income	18.0%	4.7%
Global equities	53.0%	8.1%
Real estate	10.0%	6.4%
Private equity	6.0%	11.5%
Strategic investments	12.0%	6.1%
Total	<u>100.0%</u>	

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

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

<u>Plan</u>	<u>Current Discount Rate</u>	<u>NPL with 1% Decrease</u>	<u>NPL at Current Discount Rate</u>	<u>NPL with 1% Increase</u>
FRS	7.60%	\$ 2,608,282	\$ 1,416,722	\$ 424,906
HIS	2.85%	401,938	350,356	307,546

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
UNION COUNTY SHERIFF

III. Other Information (Continued)

B. Budgets and Budgetary Accounting

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

Required Supplementary Information

UNION COUNTY SHERIFF
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures				
General government	23,465	23,465	7,917	15,548
Public Safety	<u>1,954,405</u>	<u>1,921,491</u>	<u>1,872,138</u>	<u>49,353</u>
Total expenditures	<u>1,977,870</u>	<u>1,944,956</u>	<u>1,880,055</u>	<u>64,901</u>
Deficiency of revenues under expenditures	<u>(1,977,870)</u>	<u>(1,944,956)</u>	<u>(1,880,055)</u>	<u>64,901</u>
Other financing sources (uses)				
Appropriations from board of county commissioners	1,977,870	1,944,956	1,944,956	-
Reversion to board of county commissioners	<u>-</u>	<u>-</u>	<u>(64,901)</u>	<u>(64,901)</u>
Total other financing sources (uses)	<u>1,977,870</u>	<u>1,944,956</u>	<u>1,880,055</u>	<u>(64,901)</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

**UNION COUNTY SHERIFF
NOTE TO SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

A. Budgetary Information:

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

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

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

UNION COUNTY SHERIFF
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY -
LAST 10 FISCAL YEAR AS OF SEPTEMBER 30

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

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

**UNION COUNTY SHERIFF
SCHEDULE OF CONTRIBUTIONS -
LAST 10 FISCAL YEAR AS OF SEPTEMBER 30**

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

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

ADDITIONAL INFORMATION

SEPTEMBER 30, 2016

**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 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, 2016, and have issued our report thereon dated August 30, 2017.

Auditors' Responsibility

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

Other Reports

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, and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in this report, which is dated August 30, 2017, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

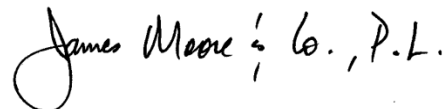
Other Matters

Section 10.554(1)(i)2., 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)3., 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.

Purpose of this Letter

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

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

Gainesville, Florida
August 30, 2017

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the general fund of the Union County Sheriff as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Union County Sheriff special purpose financial statements, and have issued our report thereon dated August 30, 2017, 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 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 internal control. Accordingly, we do not express an opinion on the effectiveness of the Union County Sheriff internal control.

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

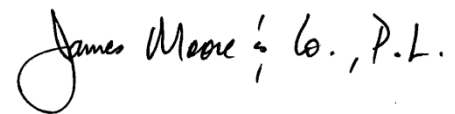
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given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

Compliance and Other Matters

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

Purpose of this Report

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

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

Gainesville, Florida
August 30, 2017

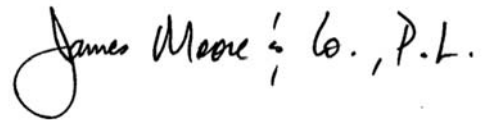
INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

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

We have examined the Union County Sheriff's compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2016. Management is responsible for the Union County Sheriff's compliance with those requirements. Our responsibility is to express an opinion on the Union County Sheriff's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Union County Sheriff's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Union County Sheriff's compliance with specified requirements.

In our opinion, the Union County Sheriff complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.



Gainesville, Florida
August 30, 2017

SPECIAL PURPOSE FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITORS' REPORT

UNION COUNTY TAX COLLECTOR

SEPTEMBER 30, 2016

**SPECIAL PURPOSE FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
UNION COUNTY TAX COLLECTOR
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SEPTEMBER 30, 2016**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund of the Union County Tax Collector, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Union County Tax Collector' financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund for the Union County Tax Collector as of September 30, 2016, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund, only for that portion of the major funds, of Union County, Florida, that is attributable to the Union County Tax Collector. They do not purport to, and do not, present fairly the financial position of Union County, Florida as of September 30, 2016, the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

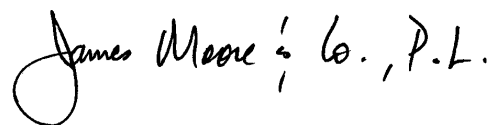
Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

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



Gainesville, Florida
July 28, 2017

**UNION COUNTY TAX COLLECTOR
BALANCE SHEET
GOVERNMENTAL FUND
SEPTEMBER 30, 2016**

	<u>General Fund</u>
Assets	
Cash and equivalents	<u><u>\$ 14,061</u></u>
Liabilities and fund balance	
Liabilities	
Due to other governments	\$ 14,061
Fund balance	
Unassigned	-
Total Liabilities and Fund Balance	<u><u>\$ 14,061</u></u>

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

UNION COUNTY TAX COLLECTOR
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
SEPTEMBER 30, 2016

	<u>General Fund</u>
Revenues	
Charges for services	\$ 213,185
Intergovernmental revenue	-
Charges for services	-
Miscellaneous revenue	1,701
Total revenues	<u>214,886</u>
Expenditures	
General government	305,946
Deficiency of revenues under expenditures	<u>(91,060)</u>
Other financing sources	
Appropriations from board of county commissioners	105,121
Reversion to board of county commissioners	(14,061)
Total other financing sources	<u>91,060</u>
Net change in fund balance	<u>-</u>
Fund balance, beginning of year	-
Fund balance, end of year	<u><u>\$ -</u></u>

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

**UNION COUNTY TAX COLLECTOR
STATEMENT OF FIDUCIARY NET POSITION
GOVERNMENTAL FUND
SEPTEMBER 30, 2016**

	<u>Agency Fund</u>
Assets	
Cash and equivalents	\$ 124,455
Liabilities	
Assets held for others	124,455
Net position	<u><u>\$ -</u></u>

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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
UNION COUNTY TAX COLLECTOR

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

B. Basis of Presentation

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

C. Fund Accounting

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

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

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

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

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

D. Measurement Focus/Basis of Accounting

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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
UNION COUNTY TAX COLLECTOR

I. Summary of Significant Accounting Policies (Continued)

D. *Measurement Focus/Basis of Accounting* (Continued)

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

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

E. *Capital Assets and Long-Term Liabilities*

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

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

F. *Cash*

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

G. *Accounts Payable*

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

H. *Fund Balance*

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

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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
UNION COUNTY TAX COLLECTOR

I. Summary of Significant Accounting Policies (Continued)

I. *Use of Estimates*

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

J. *Compensated Absences*

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

K. *Fair Value Measurement*

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

II. Detailed Notes on All Funds

A. *Investments*

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

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

Concentration of Credit Risk. The Office places no limit on the amount the Office may invest in any one issuer. At June 30, 2016, the Office had no investments.

B. *Risk Management*

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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
UNION COUNTY TAX COLLECTOR

III. Other Information

A. *Employee Retirement Systems and Plans*

i. General Information about the Pension Plan

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

In addition, all regular employees of the Office are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended September 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

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

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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
UNION COUNTY TAX COLLECTOR

III. Other Information (Continued)

A. Employee Retirement Systems and Plans (Continued)

i. General Information about the Pension Plan (Continued)

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

The State of Florida establishes contribution rates for participating employers and employees. Contribution rates during the 2015-16 fiscal year were as follows:

Class	Percent of Gross Salary	
	Employee	Employer (A)
FRS – Regular	3.00	7.26
FRS – Special Risk	3.00	22.04
FRS – EOC County	3.00	42.27
FRS – SMSC	3.00	21.43
Drop – Applicable to members from all of the above	0.00	12.88
FRS – Reemployed Retiree	(A)	(A)

Contribution rates during the 2014-15 fiscal year were as follows:

Class	Percent of Gross Salary	
	Employee	Employer (A)
FRS – Regular	3.00	7.37
FRS – Special Risk	3.00	19.82
FRS – EOC County	3.00	43.24
FRS – SMSC	3.00	21.14
Drop – Applicable to members from all of the above	0.00	12.28
FRS – Reemployed Retiree	(B)	(B)

Notes:

- A. Employer rates for the 2015-16 fiscal year include 1.66 percent for the postemployment HIS (health insurance subsidy). Also, employer rates, other than for DROP participants, include 0.03 percent for administrative costs of the Investment Plan.
- B. Employer rates for the 2014-15 fiscal year include 1.26 percent for the postemployment HIS (health insurance subsidy). Also, employer rates, other than for DROP participants, include 0.03 percent for administrative costs of the Investment Plan.
- C. Contribution rates are dependent upon retirement class in which reemployed.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
UNION COUNTY TAX COLLECTOR

III. Other Information (Continued)

A. Employee Retirement Systems and Plans (Continued)

i. General Information about the Pension Plan (concluded)

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

	<u>2016</u>		<u>2015</u>		<u>2014</u>
Contributions – FRS	\$ 44,393	\$	45,865	\$	35,553
Contributions – HIS	3,012		2,240		2,165
Employee Contributions – FRS	5,444		5,333		5,413

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850)413-5511; or at the Department's Web site (www.myfloridacfo.com). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services, Division of Retirement, Research and Education Section, by mail at P.O. Box 9000, Tallahassee, Florida 32315-9000; by telephone toll free at (877)377-1737 or (850)488-5706; by e-mail at rep@dms.myflorida.com; or at the Division's Web site (www.frs.myflorida.com).

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

At September 30, 2016, the Office reported a liability of \$527,477 for its proportionate share of the net pension liability, \$458,964 related to FRS and \$68,513 to HIS. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Office's proportion of the net pension liability was based on a projection of the Office's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2016 and June 30, 2015, the Office's FRS proportion was 0.00181767311344197% and 0.00187830372654354%, respectively. At June 30, 2016 and June 30, 2015, the Office's HIS proportion was 0.000587863661666716% and 0.000585909293450544%, respectively. For the year ended September 30, 2016, the Office's recognized pension expense of \$97,507 from FRS and \$4,466 from HIS, for a grand total of \$101,973.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
UNION COUNTY TAX COLLECTOR

III. Other Information (Continued)

A. Employee Retirement Systems and Plans (Continued)

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

Deferred outflows/inflows related to pensions:

At September 30, 2016, the Office reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 35,142	\$ (4,273)	\$ -	\$ (156)
Changes of assumptions	27,766	-	10,751	-
Net different between projected and actual investment earnings	118,637	-	35	-
Change in proportionate share	102,972	(7,206)	158	(5,523)
Contributions subsequent to measurement date	11,224	-	766	-
	<u>\$ 295,741</u>	<u>\$ (11,479)</u>	<u>\$ 11,710</u>	<u>\$ (5,679)</u>

The above amounts for deferred outflows of resources for contributions related to pensions resulting from Office contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

Year Ending September 30,	Amount
2017	\$ 52,620
2018	52,620
2019	98,866
2020	61,774
2021	9,300
Thereafter	3,123
Total	<u>\$ 278,303</u>

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
UNION COUNTY TAX COLLECTOR

III. Other Information (Continued)

A. Employee Retirement Systems and Plans (Continued)

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

Actuarial assumptions:

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

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

Long-term expected rate of return:

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

Asset Class	Target Allocation	Long-Term Arithmetic Expected Rate of Return
Cash	1.0%	3.0%
Fixed income	18.0%	4.7%
Global equities	53.0%	8.1%
Real estate	10.0%	6.4%
Private equity	6.0%	11.5%
Strategic investments	12.0%	6.1%
Total	<u>100.0%</u>	

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
UNION COUNTY TAX COLLECTOR

III. Other Information (Continued)

A. Employee Retirement Systems and Plans (Continued)

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

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

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

<u>Plan</u>	<u>Current Discount Rate</u>	<u>NPL with 1% Decrease</u>	<u>NPL at Current Discount Rate</u>	<u>NPL with 1% Increase</u>
FRS	7.60%	\$ 844,984	\$ 458,964	\$ 137,653
HIS	2.85%	78,600	68,513	60,141

B. Budgets and Budgetary Accounting

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

Required Supplementary Information

UNION COUNTY TAX COLLECTOR
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues				
Charges for services	\$ 202,449	\$ 203,990	\$ 213,185	\$ 9,195
Miscellaneous revenue	1,520	1,520	1,701	181
Total revenues	<u>203,969</u>	<u>205,510</u>	<u>214,886</u>	<u>9,376</u>
Expenditures				
General government	312,677	310,631	305,946	4,685
Deficiency of revenues under expenditures	<u>(108,708)</u>	<u>(105,121)</u>	<u>(91,060)</u>	<u>14,061</u>
Other financing sources				
Appropriations from Board of County Commissioners	108,708	105,121	105,121	-
Reversion to Board of County Commissioners	-	-	(14,061)	(14,061)
Total other financing sources	<u>108,708</u>	<u>105,121</u>	<u>91,060</u>	<u>(14,061)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

**UNION COUNTY TAX COLLECTOR
NOTE TO SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

A. Budgetary Information:

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

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

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

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

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

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

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

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

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

ADDITIONAL INFORMATION

SEPTEMBER 30, 2016

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

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

We have audited the special purpose financial statements of the Union County Tax Collector, as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated July 28, 2017.

Auditors' Responsibility

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

Other Reports

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, and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in these reports, which are dated July 28, 2017, should be considered in conjunction with this management letter.

Prior Audit Findings

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

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Official Title and Legal Authority

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

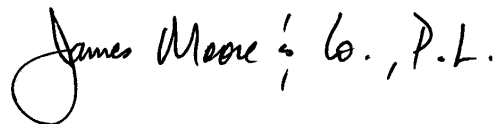
Other Matters

Section 10.554(1)(i)2., 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)3., 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.

Purpose of this Letter

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

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

Gainesville, Florida
July 28, 2017

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the special purpose financial statements of the general fund of the Union County Tax Collector as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Union County Tax Collector' special purpose financial statements, and have issued our report thereon dated July 28, 2017, 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' 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' internal control. Accordingly, we do not express an opinion on the effectiveness of the Union County Tax Collector' 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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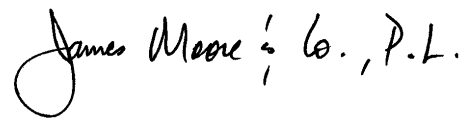
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given 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 the Union County Tax Collector' special purpose financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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

Gainesville, Florida
July 28, 2017

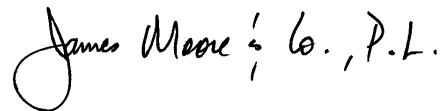
INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

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

We have examined the Union County Tax Collector's compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2016. Management is responsible for the Union County Tax Collector's compliance with those requirements. Our responsibility is to express an opinion on the Union County Tax Collector's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Union County Tax Collector's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Union County Tax Collector's compliance with specified requirements.

In our opinion, the Union County Tax Collector complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.



Gainesville, Florida
July 28, 2017

SPECIAL PURPOSE FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITORS' REPORT

UNION COUNTY PROPERTY APPRAISER

SEPTEMBER 30, 2016

**SPECIAL PURPOSE FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
UNION COUNTY PROPERTY APPRAISER
SEPTEMBER 30, 2016**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund of the Union County Property Appraiser, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Union County Property Appraiser's financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund for the Union County Property Appraiser as of September 30, 2016, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund, only for that portion of the major funds, of Union County, Florida, that is attributable to the Union County Property Appraiser. They do not purport to, and do not, present fairly the financial position of Union County, Florida as of September 30, 2016, the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

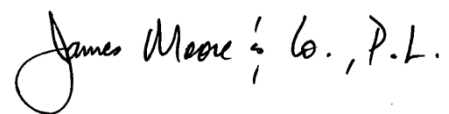
Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

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



Gainesville, Florida
August 30, 2017

**UNION COUNTY PROPERTY APPRAISER
BALANCE SHEET
GOVERNMENTAL FUND
SEPTEMBER 30, 2016**

	<u>General Fund</u>
ASSETS	
Cash and equivalents	<u><u>\$ 45,526</u></u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable and accrued expenditures	12,470
Due to other governments	<u>33,056</u>
Total Liabilities	45,526
Fund Balance:	
Unassigned	-
Total Liabilities and Fund Balance	<u><u>\$ 45,526</u></u>

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

UNION COUNTY PROPERTY APPRAISER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
SEPTEMBER 30, 2016

	General Fund
Revenues	
Charges for services	\$ 9,295
Intergovernmental revenue	4,830
Total Revenues	<u>14,125</u>
Expenditures	
General government	370,061
Deficiency of revenues under expenditures	<u>(355,936)</u>
Other financing sources (uses)	
Appropriations from board of county commissioners	380,745
Reversion to board of county commissioners	(24,180)
Reversion to other governments	(629)
Total other financing sources (uses)	<u>355,936</u>
Net change in fund balance	-
Fund balance, beginning of year	-
Fund balance, end of year	<u><u>\$ -</u></u>

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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
UNION COUNTY PROPERTY APPRAISER

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

B. Basis of Presentation

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

C. Fund Accounting

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

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

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

D. Measurement Focus/Basis of Accounting

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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
UNION COUNTY PROPERTY APPRAISER

I. Summary of Significant Accounting Policies (Continued)

D. Measurement Focus/Basis of Accounting (Continued)

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

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

E. Capital Assets and Long-Term Liabilities

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

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

F. Cash

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

G. Accounts Payable

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

H. Fund Balance

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

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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
UNION COUNTY PROPERTY APPRAISER

I. Summary of Significant Accounting Policies (Continued)

I. Use of Estimates

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

J. Compensated Absences

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

K. Fair Value Measurement

The Office categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices for identical investments in active markets; Level 2 inputs are observable inputs other than quoted market prices; Level 3 inputs are unobservable inputs. The Office had no assets or liabilities carried at fair value at September 30, 2016.

II. Detailed Notes on All Funds

A. Investments

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

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

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

B. Risk Management

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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
UNION COUNTY PROPERTY APPRAISER

III. Other Information

A. Employee Retirement Systems and Plans

i. General Information about the Pension Plan

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

In addition, all regular employees of the Office are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended September 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

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

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

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
UNION COUNTY PROPERTY APPRAISER**

III. Other Information (Continued)

A. Employee Retirement Systems and Plans (Continued)

i. General Information about the Pension Plan (Continued)

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

The State of Florida establishes contribution rates for participating employers and employees. Contribution rates during the 2015-16 fiscal year were as follows:

Class	Percent of Gross Salary	
	Employee	Employer (A)
FRS – Regular	3.00	7.26
FRS – Special Risk	3.00	22.04
FRS – EOC County	3.00	42.27
FRS – SMSC	3.00	21.43
Drop – Applicable to members from all of the above	0.00	12.88
FRS – Reemployed Retiree	(B)	(B)

Contribution rates during the 2014-15 fiscal year were as follows:

Class	Percent of Gross Salary	
	Employee	Employer (A)
FRS – Regular	3.00	7.37
FRS – Special Risk	3.00	19.82
FRS – EOC County	3.00	43.24
FRS – SMSC	3.00	21.14
Drop – Applicable to members from all of the above	0.00	12.28
FRS – Reemployed Retiree	(B)	(B)

Notes:

- A. Employer rates for the 2015-16 fiscal year include 1.66 percent for the postemployment HIS (health insurance subsidy). Also, employer rates, other than for DROP participants, include 0.03 percent for administrative costs of the Investment Plan.
- B. Employer rates for the 2014-15 fiscal year include 1.26 percent for the postemployment HIS (health insurance subsidy). Also, employer rates, other than for DROP participants, include 0.03 percent for administrative costs of the Investment Plan.
- C. Contribution rates are dependent upon retirement class in which reemployed.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
UNION COUNTY PROPERTY APPRAISER**

III. Other Information (Continued)

A. Employee Retirement Systems and Plans (Continued)

i. General Information about the Pension Plan (Continued)

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contributions – FRS	\$ 45,422	\$ 48,618	\$ 37,992
Contributions – HIS	3,330	2,807	2,678
Employee Contributions – FRS	6,018	6,684	6,695

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850)413-5511; or at the Department's Web site (www.myfloridacfo.com). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services, Division of Retirement, Research and Education Section, by mail at P.O. Box 9000, Tallahassee, Florida 32315-9000; by telephone toll free at (877)377-1737 or (850)488-5706; by e-mail at rep@dms.myflorida.com; or at the Division's Web site (www.frs.myflorida.com).

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

At September 30, 2016, the Office reported a liability of \$460,943 for its proportionate share of the net pension liability, \$385,208 related to FRS and \$75,735 to HIS. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Office's proportion of the net pension liability was based on a projection of the Office's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2016 and June 30, 2015, the Office's FRS proportion was 0.00152557241682412% and 0.001656617%, respectively. At June 30, 2016 and June 30, 2015, the Office's HIS proportion was 0.00064983021660966% and 0.000734449%, respectively. For the year ended September 30, 2016, the Office's recognized pension expense of \$88,706 from FRS and \$4,823 from HIS, for a grand total of \$93,529.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
UNION COUNTY PROPERTY APPRAISER

III. Other Information (Continued)

A. Employee Retirement Systems and Plans (Continued)

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

Deferred outflows/inflows related to pensions:

At September 30, 2016, the Office reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 29,495	\$ (3,587)	\$ -	\$ (172)
Changes of assumptions	23,304	-	11,885	-
Net different between projected and actual investment earnings	99,572	-	38	-
Change in proportionate share	116,805	(15,575)	-	(8,589)
Contributions subsequent to measurement date	12,335	-	900	-
	<u>\$ 281,511</u>	<u>\$ (19,162)</u>	<u>\$ 12,823</u>	<u>\$ (8,761)</u>

The above amounts for deferred outflows of resources for contributions related to pensions resulting from Office contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

2017	\$ 51,098
2018	51,098
2019	89,911
2020	54,059
2021	6,070
Thereafter	940
Total	<u>\$ 253,176</u>

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
UNION COUNTY PROPERTY APPRAISER**

III. Other Information (Continued)

A. Employee Retirement Systems and Plans (Continued)

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

Actuarial assumptions:

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

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

Long-term expected rate of return:

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

Asset Class	Target Allocation	Long-Term Arithmetic Expected Rate of Return
Cash	1.0%	3.0%
Fixed income	18.0%	4.7%
Global equities	53.0%	8.1%
Real estate	10.0%	6.4%
Private equity	6.0%	11.5%
Strategic investments	12.0%	6.1%
Total	<u>100.0%</u>	

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
UNION COUNTY PROPERTY APPRAISER**

III. Other Information (Continued)

A. Employee Retirement Systems and Plans (Continued)

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

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

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

<u>Plan</u>	<u>Current Discount Rate</u>	<u>NPL with 1% Decrease</u>	<u>NPL at Current Discount Rate</u>	<u>NPL with 1% Increase</u>
FRS	7.60%	\$ 709,194	\$ 385,208	\$ 115,533
HIS	2.85%	86,885	75,735	66,481

B. Budgets and Budgetary Accounting

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

Required Supplementary Information

**UNION COUNTY PROPERTY APPRAISER
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues				
Charges for services	\$ -	\$ -	\$ 14,125	\$ 14,125
Expenditures				
General government	392,745	392,986	370,061	22,925
Deficiency of revenues under expenditures	<u>(392,745)</u>	<u>(392,986)</u>	<u>(355,936)</u>	<u>37,050</u>
Other financing sources (uses)				
Appropriations from Board of County Commissioners	392,745	392,986	380,745	(12,241)
Reversion to Board of County Commissioners	-	-	(24,180)	(24,180)
Reversion to other governments	-	-	(629)	(629)
Total other financing sources (uses)	<u>392,745</u>	<u>392,986</u>	<u>355,936</u>	<u>(37,050)</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**UNION COUNTY PROPERTY APPRAISER
NOTE TO SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

A. Budgetary Information:

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

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

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

**UNION COUNTY PROPERTY APPRAISER
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY -
LAST 10 FISCAL YEAR AS OF SEPTEMBER 30**

	2016	2015	2014
Florida Retirement System (FRS)			
Proportion of the net pension liability (asset)	0.001525572%	0.001656617%	0.001317961%
Proportionate share of the net pension liability (asset)	\$ 385,208	\$ 213,974	\$ 80,415
Covered-employee payroll	200,611	222,816	223,149
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	192.02%	96.03%	36.04%
Plan fiduciary net position as a percentage of the total pension liability	84.88%	92.00%	96.09%
Health Insurance Subsidy Program (HIS)			
Proportion of the net pension liability (asset)	0.000649830%	0.000734449%	0.000751053%
Proportionate share of the net pension liability (asset)	\$ 75,735	\$ 74,902	\$ 70,225
Covered-employee payroll	200,611	222,816	223,149
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	37.75%	33.62%	31.47%
Plan fiduciary net position as a percentage of the total pension liability	0.97%	0.50%	0.99%

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

**UNION COUNTY PROPERTY APPRAISER
SCHEDULE OF CONTRIBUTIONS -
LAST 10 FISCAL YEAR AS OF SEPTEMBER 30**

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

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

ADDITIONAL INFORMATION

SEPTEMBER 30, 2016

**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, 2016, and have issued our report thereon dated August 30, 2017.

Auditors' Responsibility

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

Other Reports

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, and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in this report, which is dated August 30, 2017, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

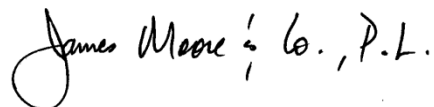
Other Matters

Section 10.554(1)(i)2., 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)3., 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.

Purpose of this Letter

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

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

Gainesville, Florida
August 30, 2017

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the general fund of the Union County Property Appraiser as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Union County Property Appraiser' special purpose financial statements, and have issued our report thereon dated August 30, 2017, 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' 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' internal control. Accordingly, we do not express an opinion on the effectiveness of the Union County Property Appraiser' 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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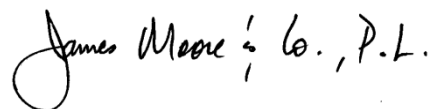
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given 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 the Union County Property Appraiser' special purpose financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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

Gainesville, Florida
August 30, 2017

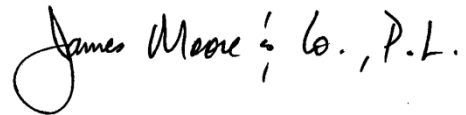
INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

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

We have examined the Union County Property Appraiser compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2016. Management is responsible for the Union County Property Appraiser's compliance with those requirements. Our responsibility is to express an opinion on the Union County Property Appraiser's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Union County Property Appraiser's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Union County Property Appraiser's compliance with specified requirements.

In our opinion, the Union County Property Appraiser complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.



Gainesville, Florida
August 30, 2017

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SPECIAL PURPOSE FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITORS' REPORT

UNION COUNTY SUPERVISOR OF ELECTIONS

SEPTEMBER 30, 2016

**SPECIAL PURPOSE FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
UNION COUNTY SUPERVISOR OF ELECTIONS
SEPTEMBER 30, 2016**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund of the Union County Supervisor of Elections, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Union County Supervisor of Elections' financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

- 1 -

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund for the Union County Supervisor of Elections as of September 30, 2016, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund, only for that portion of the major funds, of Union County, Florida, that is attributable to the Union County Supervisor of Elections. They do not purport to, and do not, present fairly the financial position of Union County, Florida as of September 30, 2016, the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

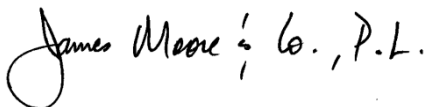
Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

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



Gainesville, Florida
August 30, 2017

**UNION COUNTY SUPERVISOR OF ELECTIONS
BALANCE SHEET
GOVERNMENTAL FUND
SEPTEMBER 30, 2016**

	<u>General Fund</u>
ASSETS	
Cash and Equivalents	\$ 7,977
Receivables	<u>335</u>
Total Assets	<u><u>\$ 8,312</u></u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts Payable and Accrued Expenditures	\$ 7,489
Due to Other Governments	<u>823</u>
Total Liabilities	8,312
Fund Balance:	
Unassigned	-
Total Liabilities and Fund Balance	<u><u>\$ 8,312</u></u>

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

UNION COUNTY SUPERVISOR OF ELECTIONS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
SEPTEMBER 30, 2016

	<u>General Fund</u>
Revenues	\$ -
Expenditures	
General Government	346,908
Deficiency of revenues under expenditures	<u>(346,908)</u>
Other financing sources (uses)	
Appropriations from Board of County Commissioners	349,135
Reversion to Board of County Commissioners	<u>(823)</u>
Total other financing sources	<u>348,312</u>
Net change in fund balance	1,404
Fund balance, beginning of year	(1,404)
Fund balance, end of year	<u><u>\$ -</u></u>

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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
UNION COUNTY SUPERVISOR OF ELECTIONS

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

B. Basis of Presentation

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

C. Fund Accounting

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

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

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

D. Measurement Focus/Basis of Accounting

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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
UNION COUNTY SUPERVISOR OF ELECTIONS

I. Summary of Significant Accounting Policies (Continued)

D. Measurement Focus/Basis of Accounting

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

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

E. Capital Assets and Long-Term Liabilities

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

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

F. Cash

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

G. Accounts Payable

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

H. Fund Balance

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

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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
UNION COUNTY SUPERVISOR OF ELECTIONS

I. Summary of Significant Accounting Policies (continued)

I. Use of Estimates

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

J. Compensated Absences

The Office follows generally accepted accounting principles in accounting for accrued compensated absences. The Office allows limited vesting of unused employee leave time. Since the annual and sick leave liability is considered long-term, it is recorded in the government-wide financial statements of the County. 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.

K. Fair Value Measurement

The Office categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices for identical investments in active markets; Level 2 inputs are observable inputs other than quoted market prices; Level 3 inputs are unobservable inputs. The Office had no assets of liabilities carried at fair value at September 30, 2016.

II. Detailed Notes on All Funds

A. Investments

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

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

Concentration of Credit Risk. The Office places no limit on the amount the Office may invest in any one issuer. The Office had 100 percent of excess deposits in a checking account with one local financial institution (Level 1 inputs).

B. Risk Management

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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
UNION COUNTY SUPERVISOR OF ELECTIONS

III. Other Information

A. Employee Retirement Systems and Plans

i. General Information about the Pension Plan

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

In addition, all regular employees of the County are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended September 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

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

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

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
UNION COUNTY SUPERVISOR OF ELECTIONS**

III. Other Information (Continued)

A. Employee Retirement Systems and Plans (Continued)

i. General Information about the Pension Plan (Continued)

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

The State of Florida establishes contribution rates for participating employers and employees. Contribution rates during the 2015-16 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (A)</u>
FRS – Regular	3.00	7.26
Drop – Applicable to members from all of the above	0.00	12.88
FRS – Reemployed Retiree	(B)	(B)

Contribution rates during the 2014-15 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (A)</u>
FRS – Regular	3.00	7.37
Drop – Applicable to members from all of the above	0.00	12.28
FRS – Reemployed Retiree	(B)	(B)

Notes:

- A. Employer rates for the 2015-16 fiscal year include 1.66 percent for the postemployment HIS (health insurance subsidy). Also, employer rates, other than for DROP participants, include 0.03 percent for administrative costs of the Investment Plan.
- B. Employer rates for the 2014-15 fiscal year include 1.26 percent for the postemployment HIS (health insurance subsidy). Also, employer rates, other than for DROP participants, include 0.03 percent for administrative costs of the Investment Plan.
- C. Contribution rates are dependent upon retirement class in which reemployed.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
UNION COUNTY SUPERVISOR OF ELECTIONS**

III. Other Information (Continued)

A. Employee Retirement Systems and Plans (Continued)

i. General Information about the Pension Plan (Continued)

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contributions – FRS	\$ 42,805	\$ 37,504	\$ 27,265
Contributions – HIS	2,518	7,734	5,690
Employee Contributions – FRS	4,550	4,481	4,502

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850)413-5511; or at the Department's Web site (www.myfloridacfo.com). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services, Division of Retirement, Research and Education Section, by mail at P.O. Box 9000, Tallahassee, Florida 32315-9000; by telephone toll free at (877)377-1737 or (850)488-5706; by e-mail at rep@dms.myflorida.com; or at the Division's Web site (www.frs.myflorida.com).

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

At September 30, 2016, the County reported a liability of \$2,327,503 for its proportionate share of the net pension liability, \$1,369,745 related to FRS and \$957,758 to HIS. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2016 and June 30, 2015, the County's FRS proportion was 0.00542471622701459% and 0.0055468319503921%, respectively. At June 30, 2016 and June 30, 2015, the County's HIS proportion was 0.00821786186954321% and 0.00784786639128238%, respectively. For the year ended September 30, 2016, the County's recognized pension expense of \$201,907 from FRS and \$90,019 from HIS, for a grand total of \$291,926.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
UNION COUNTY SUPERVISOR OF ELECTIONS

III. Other Information (Continued)

A. Employee Retirement Systems and Plans (Continued)

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

Deferred outflows/inflows related to pensions:

At September 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 27,923	\$ (3,395)	\$ -	\$ (126)
Changes of assumptions	22,062	-	8,689	-
Net different between projected and actual investment earnings	94,266	-	28	-
Change in proportionate share	125,506	(9,106)	1,485	(2,216)
Contributions subsequent to measurement date	10,279	-	611	-
	<u>\$ 280,036</u>	<u>\$ (12,501)</u>	<u>\$ 10,813</u>	<u>\$ (2,342)</u>

The above amounts for deferred outflows of resources for contributions related to pensions resulting from County contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

2017	\$ 52,776
2018	52,776
2019	89,522
2020	58,280
2021	9,654
Thereafter	2,108
Total	<u>\$ 265,116</u>

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
UNION COUNTY SUPERVISOR OF ELECTIONS

III. Other Information (Continued)

A. Employee Retirement Systems and Plans (Continued)

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

Actuarial assumptions:

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

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

Long-term expected rate of return:

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

Asset Class	Target Allocation	Long-Term Arithmetic Expected Rate of Return
Cash	1.0%	3.0%
Fixed income	18.0%	4.7%
Global equities	53.0%	8.1%
Real estate	10.0%	6.4%
Private equity	6.0%	11.5%
Strategic investments	12.0%	6.1%
Total	<u>100.0%</u>	

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
UNION COUNTY SUPERVISOR OF ELECTIONS

III. Other Information (Continued)

A. Employee Retirement Systems and Plans (Continued)

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

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

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

Plan	Current Discount Rate	NPL with 1% Decrease	NPL at Current Discount Rate	NPL with 1% Increase
FRS	7.60%	\$ 671,405	\$ 364,683	\$ 109,376
HIS	2.85%	63,525	55,373	48,607

B. Budgets and Budgetary Accounting

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

Required Supplementary Information

UNION COUNTY SUPERVISOR OF ELECTIONS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Expenditures				
General government	330,189	349,134	346,907	2,227
Deficiency of revenues under expenditures	<u>(330,189)</u>	<u>(349,134)</u>	<u>(346,907)</u>	<u>2,227</u>
Other financing sources (uses)				
Appropriations from Board of County Commissioners	330,189	349,134	349,134	-
Reversion to Board of County Commissioners	-	-	(823)	(823)
Total other financing sources (uses)	<u>330,189</u>	<u>349,134</u>	<u>348,311</u>	<u>(823)</u>
Net change in fund balance	-	-	1,404	1,404
Fund balance, beginning of year	(1,404)	(1,404)	(1,404)	-
Fund balance, end of year	<u>\$ (1,404)</u>	<u>\$ (1,404)</u>	<u>\$ -</u>	<u>\$ 1,404</u>

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

**UNION COUNTY SUPERVISOR OF ELECTIONS
NOTE TO SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

A. Budgetary Information:

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

The Supervisor of Elections follows these procedures in establishing the budgetary data reflected in the financial statements:

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

**UNION COUNTY CLERK SUPERVISOR OF ELECTIONS
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY -
LAST 10 FISCAL YEAR AS OF SEPTEMBER 30**

	2016	2015	2014
Florida Retirement System (FRS)			
Proportion of the net pension liability (asset)	0.002185096%	0.002320508%	0.002006564%
Proportionate share of the net pension liability (asset)	\$ 364,683	\$ 196,445	\$ 57,393
Covered-employee payroll	151,678	149,367	150,082
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	240.43%	131.52%	38.24%
Plan fiduciary net position as a percentage of the total pension liability	84.88%	92.00%	96.09%
Health Insurance Subsidy Program (HIS)			
Proportion of the net pension liability (asset)	0.001582630%	0.001661637%	0.001733610%
Proportionate share of the net pension liability (asset)	\$ 55,373	\$ 49,869	\$ 43,588
Covered-employee payroll	151,678	149,367	150,082
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	36.51%	33.39%	29.04%
Plan fiduciary net position as a percentage of the total pension liability	0.97%	0.50%	0.99%

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

**UNION COUNTY CLERK SUPERVISOR OF ELECTIONS
SCHEDULE OF CONTRIBUTIONS -
LAST 10 FISCAL YEAR AS OF SEPTEMBER 30**

	2016	2015	2014
<u>Florida Retirement System (FRS)</u>			
Contractually required contribution	\$ 42,805	\$ 43,356	\$ 31,154
Contributions in relation to the contractually required contribution	(42,805)	(43,356)	(31,154)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered-employee payroll	 \$ 151,678	 \$ 149,367	 \$ 150,082
Contributions as a percentage of covered-employee payroll	28.22%	29.03%	20.76%
 <u>Health Insurance Subsidy Program (HIS)</u>			
Contractually required contribution	\$ 2,518	\$ 1,882	\$ 1,801
Contributions in relation to the contractually required contribution	(2,518)	(1,882)	(1,801)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered-employee payroll	 \$ 151,678	 \$ 149,367	 \$ 150,082
Contributions as a percentage of covered-employee payroll	1.66%	1.26%	1.20%

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

ADDITIONAL INFORMATION

SEPTEMBER 30, 2016

**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, 2016, and have issued our report thereon dated August 30, 2017.

Auditors' Responsibility

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

Other Reports

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, and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in this report, which is dated August 30, 2017, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

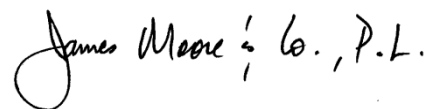
Other Matters

Section 10.554(1)(i)2., 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)3., 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.

Purpose of this Letter

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

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

Gainesville, Florida
August 30, 2017

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the general fund of the Union County Supervisor of Elections as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Union County Supervisor of Elections' special purpose financial statements, and have issued our report thereon dated August 30, 2017, which was modified to refer to a basis of accounting required for compliance with state filing requirements, and for other reasons.

Internal Control over Financial Reporting

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

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

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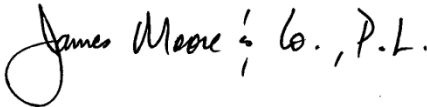
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given 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 the Union County Supervisor of Elections' special purpose financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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

Gainesville, Florida
August 30, 2017

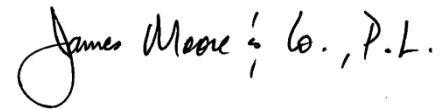
INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

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

We have examined the Union County Supervisor of Election's compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2016. Management is responsible for the Union County Supervisor of Election's compliance with those requirements. Our responsibility is to express an opinion on the Union County Supervisor of Election's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Union County Supervisor of Election's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Union County Supervisor of Election's compliance with specified requirements.

In our opinion, the Union County Supervisor of Election complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.



Gainesville, Florida
August 30, 2017