Dixie County, Florida

Audit Report

September 30, 2015

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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Dixie 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 Dixie County, Florida (the "County") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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.

Auditor's 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 the governmental activities, each major fund and the aggregate remaining fund information of the County as of September 30, 2015, and the respective changes in financial position, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 15 to the financial statements, the County restated the beginning net position of the governmental activities due to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date. O*ur opinions are 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 management's discussion and analysis and the schedules listed in the table of contents as "required supplementary information" be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The information listed in the table of contents as supplementary information, including the Schedule of Expenditures of Federal Awards and State Financial Assistance, which is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550, Rules of the Auditor General, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 03, 2016, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Gainesville, Florida
August 03, 2016

This Management Discussion and Analysis provides an objective and easily readable analysis of the County's financial activities for fiscal year ended September 30, 2015. The analysis provides summary financial information for the County and should be read in conjunction with the County's financial statements.

FINANCIAL HIGHLIGHTS

- Dixie County's assets and deferred outflows exceeded liabilities and deferred inflows by $27,782,251 (net position). Of this amount, $(1,960,701) is unrestricted net position, while $28,298,649 was net investment in capital assets. The remaining $1,444,403 is restricted net position.
- GASB's new pension standards were implemented and, as a result the County reported a net pension liability of $8,004,112 at September 30, 2015.
- The County's total net position increased by $979,455 over the previous year.
- At September 30, 2015, the County's governmental funds reported a combined fund balance of $6,720,273.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information that may be of interest to the reader.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances in a manner similar to a private-sector business. The two government-wide financial statements are the Statement of Net Position and a Statement of Activities.

The Statement of Net Position presents information on all assets, deferred outflows, liabilities and deferred inflows of the County, with the difference reported as *net position*. Changes in net position over time may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information on all revenues and expenses of the County and the change in net position for the fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and accounts payable).

Both statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Governmental activities of the County include general government services, public safety, physical environment, transportation, economic environment, human services, culture and recreation, and court related expenses. Dixie County had no business-type activities for the year ended September 30, 2015.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that are segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided in two categories: governmental funds and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate comparison between governmental funds and governmental activities.

The County maintains numerous individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Fire District Fund, Emergency Medical Services Fund, the County Transportation Trust Fund, and the Airport Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Fiduciary Funds **–** Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements because resources of those funds are not available to support the County's own programs.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements, and accompanying notes, this report also presents certain required supplementary information containing budget to actual comparison for the General Fund and other major special revenue funds, schedules of funding progress for the County's OPEB Plan, and the schedules of proportionate shares of net pension liability and pension employer contributions. Following the required supplementary information can be found combining balance sheets and combining statement of revenues, expenditures, and changes in fund balances for the nonmajor governmental funds and the schedules of expenditures of federal and state awards.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Dixie County, assets exceeded liabilities by $27,782,251 at the close of the fiscal year ended September 30, 2015.

The following schedule summarizes the statement of net position as of September 30, 2015, and September 30, 2014.

	Governmental Activities	
	2015	2014
Current and other assets	**$ 9,037,098**	$ 9,683,753
Capital assets	**28,782,467**	27,190,291
Total assets	**37,819,565**	36,874,044
Deferred outflows	**4,521,382**	-
Other liabilities	**1,122,036**	514,049
Long-term liabilities	**9,759,700**	2,074,609
Total liabilities	**10,881,736**	2,588,658
Deferred inflows	**3,676,960**	-
Net position:		
Net investment in capital assets	**28,298,649**	26,453,001
Restricted	**1,444,303**	1,916,786
Unrestricted	**(1,960,701)**	5,915,599
Total net position	**$ 27,782,251**	$ 34,285,386

The largest portion of the County's net position reflects its net investment in capital assets (e.g., land, parks, roads, buildings, and equipment), net of depreciation and any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently these assets are *not* available for future spending. Although the County's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Restricted net position represents resources that are subject to restrictions imposed externally (e.g. creditors, grantors or other governments) or those imposed by law through constitutional provisions or enabling legislation.

STATEMENT OF ACTIVITIES

The following schedules summarize revenues and expenses for the fiscal years ended September 30, 2015, and September 30, 2014:

	Governmental Activities	
	2015	2014
Program revenues:		
Charges for services	**$ 4,287,720**	$ 4,327,239
Operating grants and contributions	**4,877,779**	3,223,501
Capital grants and contributions	**519,830**	574,575
General revenues:		
Property taxes	**6,154,536**	6,068,018
Other taxes	**1,329,675**	1,832,918
Shared revenues - unrestricted	**2,798,558**	2,724,877
Other	**471,853**	465,963
Total revenues	**20,439,951**	19,217,091
Expenses:		
General government	**3,048,147**	3,182,889
Public safety	**9,410,834**	9,656,718
Physical environment	**1,608,078**	1,848,044
Transportation	**2,844,433**	2,468,845
Economic environment	**663,063**	122,246
Human services	**548,242**	562,572
Culture-recreation	**610,398**	465,740
Court-related	**700,741**	650,133
Interest on long-term debt	**26,560**	31,097
Total expenses	**19,460,496**	18,988,284
Change in net position	**979,455**	228,807
Net position – beginning of year, as restated for 2015	**26,802,796**	34,056,579
Net position – end of year	**$ 27,782,251**	$ 34,285,386

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

Highlights of 2015

The General Fund's fund balance decreased $43,978. EMS revenues increased approximately $249,000 and expenditures increased by approximately $355,775 resulting in a net decrease in fund balance of $151,035. The Fire District Fund's revenues exceeded expenditures approximately $247,000 primarily for prior year grant expenditures reimbursed in the current year. The fund balance of the County Transportation Trust Fund decreased approximately $259,000. Expenditures of the Airport Fund exceeded revenues approximately $533,000 for major renovations to taxiways not reimbursed by grantors as of September 30, 2015. Property tax revenues increased approximately $86,500.

Governmental Funds

At year-end, the County's governmental funds reported a combined fund balance of $6,720,273, a decrease of $1,400,214. The overall decrease is primarily due to decreases in fund balances in the nonmajor governmental funds, the County Transportation Trust Fund, and the Airport Fund.

At the current time, the County has five major governmental funds. They are 1) General Fund; 2) Fire District Fund, 3) Emergency Medical Services Fund; 4) County Transportation Trust Fund; and 5) Airport Fund.

Various County Funds Discussion

- The General Fund is the chief operating fund of the County. At the end of fiscal year 2015, unassigned fund balance of the General Fund was $1,209,704. This represents an increase of $77,458 compared to the unassigned fund balance from FY 2014.
- The Fire District Fund's operations comprised primarily of grant expenditures and reimbursements for the SAFER program. This fund is used to account for the operations of the County's fire services within the County.
- The Emergency Medical Service Fund had a total fund balance of $1,951,620 at year end. This was a decrease of $151,035 from the prior year. Revenues are from fees charged for emergency medical services, grants and a 2.6 mill MSTU.
- The County Transportation Trust Fund accounts for the maintenance of roads, bridges, rights-of-way, and drainage systems, and is primarily funded by gas taxes and state grants. Transportation projects, including those that span multiple years, were budgeted in fiscal year 2015. The fund had a total fund balance of $259,242 at year end. This was a decrease of $258,801 from the prior year. As in the prior year, a transfer from the General Fund was made.
- The Airport Fund primarily accounts for major improvement projects to the county's airport, such as runways and hangars financed through federal and state grants. Expenditures in the current year consisted of major renovations funded by an aviation improvement grant.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual total revenues were approximately $300,000 higher than anticipated in the final budget primarily due to an increase in intergovernmental revenue; as in the prior year, the County had a shortfall in taxes. Expenditures were less than budget by approximately $1.2 million

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Asset Activity

A summary of changes in capital assets follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	$ 2,779,726	$ 22,668	$ -	$ 2,802,394
Construction in progress	866,285	240,412	797,142	309,555
Total capital assets not being depreciated	3,646,011	263,080	797,142	3,111,949
Capital assets being depreciated:				
Buildings	12,055,503	243,080	-	12,298,583
Improvements other than buildings	5,768,797	187,114	-	5,955,911
Infrastructure	22,636,211	2,699,531	-	25,335,742
Equipment	11,881,382	472,471	746,828	11,607,025
Assets under capital lease	813,042	175,038	-	988,080
Total capital assets being depreciated	53,154,935	3,777,234	746,828	56,185,341
Less accumulated depreciation for:				
Buildings	6,217,318	378,040	-	6,595,358
Improvements other than buildings	2,030,458	197,287	-	2,227,745
Infrastructure	11,041,915	472,198	-	11,514,113
Equipment	10,179,874	446,614	732,867	9,893,621
Assets under capital lease	141,090	142,896	-	283,986
Total accumulated depreciation	29,610,655	1,637,035	732,867	30,514,823
Total capital assets being depreciated, net	23,544,280	2,140,199	13,961	25,670,518
Governmental activities capital assets, net	$ 27,190,291	$ 2,403,279	$ 811,103	$ 28,782,467

Please refer to the Notes to Financial Statements for more detailed information about the County's capital assets.

Long-Term Debt

On September 30, 2015, the County's governmental outstanding debt was $9,759,700. This is comprised of a $160,544 outstanding Note Payable, $323,274 in Capital Lease Obligations, $502,067 for Closure and long-term care costs of landfills, $645,200 for compensated absences, $124,503 for other postemployment benefit obligations and $8,004,112 for the County's proportionate shares of State of Florida's net pension liability. Please refer to the Notes to Financial Statements for more detailed information about the County's long-term liabilities.

NEXT YEAR'S BUDGET AND SIGNIFICANT FINANCIAL CONDITIONS

- The Solid Waste fee of $135 per household remains unchanged.
- The Mosquito Control fee of $5 per household remains unchanged.
- The Fire fee of $40 per household will remain unchanged.
- The millage rate of 10 mills will remain unchanged.
- The EMS MSTU rate of 2.6 mills will remain unchanged.
- The Recreation/Library MSTU rate of 0.4 mills will remain unchanged.

The County plans to continue to seek grant funding in all departments as available.

We are unaware of any conditions that are expected to have a significant impact on the County's financial position or results of operations. The County plans to continue to provide the best services possible to an ever-growing population base.

REQUESTS FOR INFORMATION

This report was prepared by Tim Alexander, County Coordinator. Questions concerning this report or request for additional information should be addressed to:

Board of County Commissioners
Dixie County
Tim Alexander, County Coordinator
P. O. Box 2600
Cross City, FL 32628-2600

FAX: 352-498-1471

Dixie County, Florida

Statement of Net Position
September 30, 2015

	Governmental Activities
Assets	
Cash and equivalents	$ 7,079,067
Receivables	761,001
Due from other governments	1,160,910
Mortgage receivable	36,120
Capital assets:	
Non-depreciable	3,111,949
Depreciable, net	25,670,518
Total assets	37,819,565
Deferred outflows - related to pensions	4,521,382
Liabilities	
Accounts payable and accrued liabilities	1,122,036
Noncurrent liabilities:	
Due within one year	631,318
Due in more than one year	9,128,382
Total liabilities	10,881,736
Deferred inflows	
Deferred inflow from net pension liabiilty	3,645,169
Deferred inflow from grant advances	31,791
Total deferred inflows	3,676,960
Net position	
Net investment in capital assets	28,298,649
Restricted for:	
Public safety	775,629
Other purposes	668,674
Unrestricted	(1,960,701)
Total net position	$ 27,782,251

See accompanying notes.

Dixie County, Florida

Statement of Activities
Year ended September 30, 2015

Functions/programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities:					
General government	$ 3,048,147	$ 329,561	$ 2,571	$ -	$ (2,716,015)
Public safety	9,410,834	2,165,111	795,541	172,219	(6,277,963)
Physical environment	1,608,078	1,478,108	-	-	(129,970)
Transportation	2,844,433	-	3,578,069	347,611	1,081,247
Economic environment	663,063	-	25,378	-	(637,685)
Human services	548,242	4,000	9,662	-	(534,580)
Culture and recreation	610,398	39,425	139,176	-	(431,797)
Court related	700,741	271,515	327,382	-	(101,844)
Interest on long-term debt	26,560	-	-	-	(26,560)
Total	$ 19,460,496	$ 4,287,720	$ 4,877,779	$ 519,830	(9,775,167)
General revenues:					
Property taxes					6,154,536
Sales taxes					813,628
Gas taxes					405,449
Tourist development tax					33,850
Telecommunications tax					76,748
Impact fees					101,225
Shared revenues - unrestricted					2,798,558
Investment earnings					6,369
Miscellaneous					364,259
Total general revenues					10,754,622
Change in net position					979,455
Net position – beginning of year, as restated					26,802,796
Net position – end of year					$ 27,782,251

See accompanying notes.

Balance Sheet – Governmental Funds
September 30, 2015

	General Fund	Fire District	EMS
Assets			
Cash and equivalents	$ 2,509,400	$ 111,311	$ 1,909,610
Due from other funds	414,448	3,939	17,654
Due from other governments	325,984	29,624	61,946
Receivables	80,865	-	581,728
Mortgage receivable	-	-	-
Advances to other funds	500,000	-	-
Total assets	$ 3,830,697	$ 144,874	$ 2,570,938
Liabilities, deferred inflows and fund balances			
Liabilities:			
Accounts payable and accrued liabilities	$ 131,618	22,389	$ 90,090
Due to other funds	64,131	8,581	39,675
Advances from other funds	-	-	-
Total liabilities	195,749	30,970	129,765
Deferred inflows of resources:			
Grant advance	-	-	-
Unavailable revenue	60,342	29,626	489,553
Total deferred inflows	60,342	29,626	489,553
Fund balances:			
Nonspendable	500,000	-	-
Restricted	44,539	169,098	-
Assigned	1,820,363	-	1,951,620
Unassigned	1,209,704	(84,820)	-
Total fund balances	3,574,606	84,278	1,951,620
Total liabilities, deferred inflows and fund balances	$ 3,830,697	$ 144,874	$ 2,570,938

(Continued)

See accompanying notes.

Balance Sheet – Governmental Funds
September 30, 2015

	County Transportation Trust	Airport Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and equivalents	$ 436,628	$ 89,479	$ 2,022,639	$ 7,079,067
Due from other funds	-	-	42,538	478,579
Due from other governments	289,423	387,911	66,022	1,160,910
Receivables	1,287	1,028	96,093	761,001
Mortgage receivable	-	-	36,120	36,120
Advances to other funds	-	-	-	500,000
Total assets	$ 727,338	$ 478,418	$ 2,263,412	$ 10,015,677
Liabilities, deferred inflows and fund balances				
Liabilities:				
Accounts payable and accrued liabilities	$ 251,453	$ 372,676	$ 253,810	$ 1,122,036
Due to other funds	57,197	200,000	108,995	478,579
Advances from other funds	-	-	500,000	500,000
Total liabilities	308,650	572,676	862,805	2,100,615
Deferred inflows of resources:				
Grant advance	-	-	31,791	31,791
Unavailable revenue	159,446	387,911	36,120	1,162,998
Total deferred inflows	159,446	387,911	67,911	1,194,789
Fund balances:				
Nonspendable	-	-	-	500,000
Restricted	-	-	1,230,666	1,444,303
Assigned	259,242	-	540,206	4,571,431
Unassigned	-	(482,169)	(438,176)	204,539
Total fund balances	259,242	(482,169)	1,332,696	6,720,273
Total liabilities, deferred inflows and fund balances	$ 727,338	$ 478,418	$ 2,263,412	$ 10,015,677

(Concluded)

See accompanying notes.

Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds
September 30, 2015

Fund balances – total governmental funds	$	6,720,273
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not reported in the governmental funds.		
Capital assets – net		28,782,467
Long-term liabilities are not reported in the governmental funds.		
Note payable		(160,544)
Capital lease obligations		(323,274)
Landfills closure and long-term care costs		(502,067)
Other postemployment benefit obligations		(124,503)
Net pension liabiity		(8,004,112)
Compensated absences		(645,200)
Deferred outflows and inflows related to pensions are reported in governmental activities but not in governmental funds.		
Deferred outflows		4,521,382
Deferred inflows		(3,645,169)
Deferred inflows for earned but unavailable revenue are reported in the governmental funds but not in the statement of net position.		1,162,998
Net position of governmental activities	$	27,782,251

See accompanying notes.

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended September 30, 2015

	General Fund	Fire District	EMS
Revenues			
Taxes	$ 5,661,739	$ -	$ 1,228,080
Permits, fees and special assessments	80,449	460,523	-
Intergovernmental	2,823,161	773,329	488,822
Charges for services	563,888	-	1,103,902
Fines and forfeitures	3,160	-	-
Miscellaneous	116,986	330	16,050
Total revenues	9,249,383	1,234,182	2,836,854
Expenditures			
Current:			
General government	3,047,905	-	-
Public safety	5,059,753	882,457	2,946,006
Physical environment	70,990	-	-
Transportation	-	-	-
Economic environment	40,618	-	-
Human services	456,752	-	-
Culture and recreation	-	-	-
Court related	185,412	-	-
Debt service:			
Principal retirement	160,684	137,262	-
Interest and fiscal charges	14,646	4,289	-
Total expenditures	9,036,760	1,024,008	2,946,006
Excess of revenues over (under) expenditures	212,623	210,174	(109,152)
Other financing sources (uses)			
Debt issued	-	-	-
Transfers in	607,421	78,095	8,026
Transfers out	(864,022)	(41,076)	(49,909)
Total other financing sources (uses)	(256,601)	37,019	(41,883)
Net change in fund balances	(43,978)	247,193	(151,035)
Fund balances – beginning of year	3,618,584	(162,915)	2,102,655
Fund balances – end of year	$ 3,574,606	$ 84,278	$ 1,951,620

(Continued)

See accompanying notes.

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended September 30, 2015

	County Transportation Trust	Airport Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	$ 439,318	$ -	$ 188,943	$ 7,518,080
Permits, fees and special assessments	1,400	-	1,419,501	1,961,873
Intergovernmental	1,782,645	1,679,054	794,055	8,341,066
Charges for services	-	800	273,495	1,942,085
Fines and forfeitures	-	-	154,393	157,553
Miscellaneous	80,689	6,684	174,714	395,453
Total revenues	2,304,052	1,686,538	3,005,101	20,316,110
Expenditures				
Current:				
General government	-	-	3,000	3,050,905
Public safety	-	-	353,235	9,241,451
Physical environment	-	-	1,737,406	1,808,396
Transportation	2,684,533	2,219,035	-	4,903,568
Economic environment	-	-	622,445	663,063
Human services	-	-	75,529	532,281
Culture and recreation	-	-	443,278	443,278
Court related	-	-	607,938	793,350
Debt service:				
Principal retirement	36,930	-	93,634	428,510
Interest and fiscal charges	1,355	-	6,270	26,560
Total expenditures	2,722,818	2,219,035	3,942,735	21,891,362
Excess of revenues over (under) expenditures	(418,766)	(532,497)	(937,634)	(1,575,252)
Other financing sources (uses)				
Debt issued	-	-	175,038	175,038
Transfers in	159,965	88,371	529,565	1,471,443
Transfers out	-	-	(516,436)	(1,471,443)
Total other financing sources (uses)	159,965	88,371	188,167	175,038
Net change in fund balances	(258,801)	(444,126)	(749,467)	(1,400,214)
Fund balances – beginning of year	518,043	(38,043)	2,082,163	8,120,487
Fund balances – end of year	$ 259,242	$ (482,169)	$ 1,332,696	$ 6,720,273

(Concluded)
See accompanying notes.

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities – Governmental Funds
Year ended September 30, 2015

Net change in fund balances – total governmental funds	$	(1,400,214)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is depreciated over their estimated useful lives.		
Acquisitions of capital assets		3,243,172
Current year depreciation expense		(1,637,035)
Loss on asset disposals		(13,961)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment does not effect net position of governmental activities.		
Principal payments		428,510
The issuance of long-term debt provides current financial resources for governmental funds, but does not affect net position of governmental activities.		
Capital leases		(175,038)
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.		
Compensated absences		46,700
Landfills closure and long-term care costs		39,470
Other postemployment benefit obligations		(20,621)
The changes in the net pension liabiity and related deferred outflows and inflows are reported in the statement of activities but not in the governmental funds.		
Net pension liability		(3,232,480)
Deferred outflows		2,661,178
Deferred inflows		925,993
Some revenues differ because of differences in measurement focus and basis of accounting.		113,781
Change in net position of governmental activities	$	979,455

See accompanying notes.

Statement of Fiduciary Net Position
September 30, 2015

	Agency Funds
Assets	
Cash	$ 865,683
Receivables	3,216
Total assets	868,899
Liabilities	
Assets held for others	868,899
Net position	$ -

See accompanying notes.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Dixie County (the "County") conform to accounting principles generally accepted in the United States of America as applicable to governments. Following is a summary of the more significant policies.

Reporting Entity

The County is a non-charter, general purpose local government established under the legal authority of the Constitution of the State of Florida. It is composed of an elected Board of County Commissioners, the legislative and governing body of the County, and elected constitutional officers, Clerk of the Circuit Court, Sheriff, Tax Collector, Property Appraiser, and Supervisor of Elections that operate as separate County agencies. The accompanying financial statements present the County as the primary government.

The County uses the criteria established in GASB Statement No. 14, as amended, to define the reporting entity and identify component units. Component units are entities for which the County is considered to be financially accountable. The County is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the County. The County may also be financially accountable for governmental organizations that are fiscally dependent on it.

There are no blended component units or discretely presented component units included in the County's financial reporting entity.

Joint Ventures

The governments of Taylor, Madison, Jefferson and Dixie Counties established the Aucilla Area Solid Waste Administration (the "Administration") through an interlocal agreement. The Administration is an organization established for the purpose of providing a regional approach to solid waste management without regard to political or governmental boundaries. The Administration is governed by a governing board made up of a commissioner from each participating County.

The County does not have an ongoing financial interest in the Administration. However, the County does have an ongoing financial responsibility to the Administration in that the tipping fees paid to the Administration ($408,323 in 2015) are applied by the Administration to the County's portion of the Administration's operating costs. Additionally, a portion of the Administration's debt service costs are paid by each participating County.

A copy of the Administration's separate financial statements may be obtained from its offices in Greenville, Florida.

The governments of Lafayette, Dixie, Taylor and Gilchrist Counties established the Three Rivers Regional Library System (the "Library") through an interlocal agreement. The Library is an organization established for the purpose of providing a regional approach to library services without regard to political or governmental boundaries. The Library is governed by a governing board made up, in part, of a commissioner from each participating County.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The County does not have an ongoing financial interest in the Library. However, the County does have an ongoing financial responsibility to the Library in that the Library's continued existence depends on the County's continuing participation. A copy of the Library's separate financial statements may be obtained from its offices in Mayo, Florida.

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the County. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees charged to external parties. The County has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include: charges for services that are directly related to a given function and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenues not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

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, but all nonmajor funds are aggregated and displayed in a single column. The governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds. The County reports the following major governmental funds:

General Fund – The General Fund is the primary operating fund. It is used to account for and report all financial resources not accounted for and reported in another fund. The General Fund consists of the board of county commissioners' countywide general fund as well as each constitutional officer's general fund.

Fire District Fund – This fund is used to account for and report the operations of the County's unified Fire District, primarily funded through special assessments.

EMS Fund – This fund (Emergency Medical Services Fund) is used to account for and report the operations of the Emergency Medical Services Department. Revenues are primarily from ambulance fees charged for emergency transport and medical services, and from ad valorem taxes.

County Transportation Trust Fund – This fund is used to account for and report the operations of the road and bridge department. Financing is provided primarily by gasoline taxes that are imposed locally and those that are levied by the State and shared with the County.

Airport Fund – This fund is used to account for and report major renovations and improvements to the County's airport. These projects are primarily funded by federal and state grants.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Additionally, the County reports the following fund type:

Agency funds account for resources held in a purely custodial capacity.

Measurement Focus and Basis of Accounting

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 funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Taxes and certain intergovernmental revenues constitute the most significant sources of revenue considered susceptible to accrual. In governmental funds, expenditures are generally recognized when the related liability is incurred. However, debt service expenditures, and expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Cash

All cash resources of the County are placed in banks that qualify as a public depository, as required by law (Florida Security For Public Deposits Act). Every qualified public depository is required by this law to deposit with the Chief Financial Officer eligible collateral equal to, or in excess of, an amount to be determined by the Chief Financial Officer. The Chief Financial Officer is required by this law to ensure that all funds are entirely insured or collateralized throughout the fiscal year.

Receivables

Accounts receivable are reported net of an allowance for uncollectible accounts of approximately $366,000. The allowance represents approximately 39% of gross ambulance service accounts receivable at September 30, 2015.

Capital Assets

Capital assets are valued at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair value on the date donated. The threshold for capitalizing property and equipment is generally $5,000.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation is calculated using the straight-line method over the following estimated useful lives:

Buildings	30 – 50 yrs.
Improvements and infrastructure	10 – 50 yrs.
Equipment	5 – 15 yrs.

Compensated Absences

Personnel policies of the various county agencies allow a limited accumulation and vesting of unused employee vacation and sick leave. A liability is accrued when incurred in the government-wide financial statements. However, a liability is reported in governmental funds only when payment is due.

Restricted Net Position

In the accompanying Statement of Net Position, *restricted net position* is subject to restrictions beyond the County's control. The restriction is either externally imposed (for instance, by creditors, grantors, contributors, or laws/regulations of other governments) or is imposed by law through constitutional provisions or enabling legislation. It is the practice of the County to utilize restricted assets before unrestricted assets.

Approximately $285,500 included in restricted net position is from enabling legislation.

Fund Balance

The County follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* to classify fund balances for governmental funds into specifically defined classifications. The classifications comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

The fund balance classifications specified in GASB Statement No. 54 are as follows:

Nonspendable Fund Balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the County's highest level of decision-making authority, which is an ordinance of the County. Committed amounts cannot be used for any other purpose unless the County removes those constraints by taking the same type of action.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assigned Fund Balance – Assigned fund balances are amounts that are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Board of County Commissioners or constitutional officer or (b) a body or official to which the Board of County Commissioners or constitutional officer has delegated the authority to assign amounts to be used for specific purposes.

Unassigned Fund Balance – Unassigned fund balance is the residual classification for the General Fund.

The County's policy is to expend resources in the following order: restricted, committed, assigned, and unassigned.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System Pension Plan and Health Insurance Subsidy Program and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows/Inflows of Resources

A *deferred outflow of resources* is a consumption of net assets that applies to a future reporting period. A *deferred inflow of resources* is an acquisition of net assets that is applicable to a future reporting period

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.

NOTE 2 – PROPERTY TAXES

In governmental funds, 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

NOTE 3 – INTERFUND BALANCES AND TRANSFERS

At September 30, 2015, interfund balances consisted of:

	Due From						
Due To	General	Fire District	EMS	County Transportation Trust	Airport	Nonmajor Govern-mental	Total
General fund	$ -	$ 8,581	$ 39,675	$ 57,197	$ 200,000	$ 108,995	$ 414,448
Fire district	3,939	-	-	-	-	-	3,939
EMS	17,654	-	-	-	-	-	17,654
Nonmajor governmental	42,538	-	-	-	-	-	42,538
Totals	$ 64,131	$ 8,581	$ 39,675	$ 57,197	$ 200,000	$ 108,995	$ 478,579

The interfund balances resulted from the normal course of operations and are expected to be paid within one year. The General Fund has a long-term advance of $500,000 to the Recreation/Libraries Fund, a nonmajor governmental fund.

Interfund transfers are summarized below:

	Transfers Out				
Transfers In	General	Fire District	EMS	Nonmajor Govern-mental	Total
General fund	$ -	$ 41,076	$ 49,909	$ 516,436	$ 607,421
Fire district	78,095	-	-	-	78,095
EMS	8,026	-	-	-	8,026
County transportation trust	159,965	-	-	-	159,965
Airport	88,371	-	-	-	88,371
Nonmajor governmental	529,565	-	-	-	529,565
Totals	$ 864,022	$ 41,076	$ 49,909	$ 516,436	$ 1,471,443

The interfund transfers were made in the normal course of operations and are consistent with the activities of the fund making the transfer.

NOTE 4 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

At September 30, 2015, General Fund payables consisted of approximately 88% payable to vendors in the normal course of business. The balance was due to wages and benefits.

The payables of the other governmental funds consist primarily of amounts due for goods and services received in the normal course of business.

NOTE 5 – FUND BALANCE CLASSIFICATIONS

Fund balance is restricted for the following purposes:

	General Fund	Fire	Other Governmental Funds	Total
General government	$ -	$ -	$ 91,377	$ 91,377
Public safety	-	169,098	606,531	775,629
Economic environment	37,944	-	85,085	123,029
Transportation	-	-	116,083	116,083
Culture and recreation	-	-	122,237	122,237
Court related	-	-	209,353	209,353
Election grants	6,595	-	-	6,595
Total restricted fund balance	$ 44,539	$ 169,098	$ 1,230,666	$ 1,444,303

Fund balance is assigned for the following purposes:

	General Fund	EMS	County Transportation Trust	Other Governmental Funds	Total
Public safety	$ -	$ 1,951,620	$ -	$ 90,941	$ 2,042,561
Physical environment	-	-	-	449,265	449,265
Transportation	-	-	259,242	-	259,242
Subsequent year's expenditures	1,820,363	-	-	-	1,820,363
Total assigned fund balance	$ 1,820,363	$ 1,951,620	$ 259,242	$ 540,206	$ 4,571,431

NOTE 6 – MORTGAGE RECEIVABLE

Mortgage receivable consists of a $43,812 mortgage loan secured by real property, bearing an interest rate of 2.99% with payments of principal and interest due monthly. The unpaid balance at September 30, 2015 was $36,120, with future repayments requirements as follows:

Year Ending September 30,	Amount
2016	$ 4,350
2017	4,350
2018	4,350
2019	4,350
2020	4,350
2021-2025	20,218
Total payments	41,968
Amount representing interest	5,848
Present value of mortgage receivable	$ 36,120

The mortgage receivable is reported in the SHIP fund, a nonmajor governmental fund.

NOTE 7 – CAPITAL ASSETS

A summary of changes in capital assets follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 2,779,726	$ 22,668	$ -	$ 2,802,394
Construction in progress	866,285	240,412	797,142	309,555
Total capital assets not being depreciated	3,646,011	263,080	797,142	3,111,949
Capital assets being depreciated:				
Buildings	12,055,503	243,080	-	12,298,583
Improvements	5,768,797	187,114	-	5,955,911
Infrastructure	22,636,211	2,699,531	-	25,335,742
Equipment	11,881,382	472,471	746,828	11,607,025
Assets under capital lease	813,042	175,038	-	988,080
Total capital assets being depreciated	53,154,935	3,777,234	746,828	56,185,341
Less accumulated depreciation for:				
Buildings	6,217,318	378,040	-	6,595,358
Improvements	2,030,458	197,287	-	2,227,745
Infrastructure	11,041,915	472,198	-	11,514,113
Equipment	10,179,874	446,614	732,867	9,893,621
Assets under capital lease	141,090	142,896	-	283,986
Total accumulated depreciation	29,610,655	1,637,035	732,867	30,514,823
Total capital assets being depreciated, net	23,544,280	2,140,199	13,961	25,670,518
Capital assets, net	$ 27,190,291	$ 2,403,279	$ 811,103	$ 28,782,467

Depreciation expense was charged to governmental activities as follows:

General government	$ 82,675
Public safety	712,300
Physical environment	47,896
Transportation	580,300
Human services	22,735
Culture and recreation	183,287
Court related	7,842
Total	$ 1,637,035

NOTE 8 – LONG-TERM LIABILITIES

At September 30, 2015, the County's long-term liabilities consisted of:

Note payable	$ 160,544
Capital lease obligations	323,274
Landfills closure and long-term care costs	502,067
Net pension liability	8,004,112
Other postemployment benefit obligations	124,503
Compensated absences	645,200
Total long-term liabilities	$ 9,759,700

Note Payable

Note Payable at September 30, 2015 consists of an agreement with a financial institution for purchase of equipment, payable from the Solid Waste Fund. The note is payable in annual installments of $56,726 and bears interest rate of 2.93%.

Year ending September 30,	Principal	Interest	Total
2016	$ 51,956	$ 4,770	$ 56,726
2017	53,499	3,227	56,726
2018	55,089	1,637	56,726
Total	$ 160,544	$ 9,634	$ 170,178

Capital Lease Obligations

The County leases fire trucks and heavy equipment under agreements that are classified as capital leases. The agreements bear interest rates ranging from 3.1% to 3.5%, payable from the Fire Districts and County Transportation Trust Funds. The Sheriff leases vehicles under agreements that are classified as capital leases. These agreements bear interest rates from 5.45% to 5.7%. The future minimum lease payments required and the present value of the net minimum lease payments at September 30, 2015 are as follows:

Year ending September 30,	Amount
2016	$ 177,410
2017	80,623
2018	28,957
2019	28,957
2020	28,957
Total minimum lease payments	344,904
Amount representing interest	21,630
Present value of net minimum lease payments	$ 323,274

NOTE 8 – LONG-TERM LIABILITIES (CONTINUED)

Landfills Closure and Long-Term Care Costs

The Florida Department of Environmental Protection (DEP) requires landfill operators to fund landfill closure costs before receiving a permit for landfill closure. Rules of DEP mandate that the closure costs be fully funded by the end of the design life of the landfill as specified in the approved closure plan. The County has accrued $302,551 for the closure of its Construction and Demolition (C & D) Landfill based on the capacity used to date.

Additionally, state and federal laws require landfill owners to perform certain maintenance and monitoring functions at the landfill sites for a number of years after closure. The County was released by the DEP from these requirements on its closed Central Landfill in a prior year. The County has accrued $199,516 for such estimated long-term care costs as of September 30, 2015 related to future long-term care of the C & D Landfill.

The County will recognize the remaining estimated cost of closure and long-term care of approximately $153,000 associated with its C & D Landfill as the remaining estimated capacity is used (estimated to be approximately 8 years).

All amounts recognized are based on what it would cost to perform all post-closure care at year-end. Actual costs are subject to changes such as the effects of inflation, revision of laws and other variables. The County anticipates funding the closure and long-term care costs from non-ad valorem assessments and user charges.

DEP also requires the County to deposit in an escrow account, by the end of each fiscal year, funds sufficient to cover closure costs. The County has set aside $421,191 for that requirement.

NOTE 9 – CHANGES IN LONG-TERM LIABILITIES

A summary of changes in long-term liabilities follows:

	Balance October 1, 2014 (As restated)	Additions	Deductions	Balance September 30, 2015	Due Within One Year
Notes payable	$ 211,000	$ -	$ 50,456	$ 160,544	$ 51,956
Capital lease obligations	526,290	175,038	378,054	323,274	165,862
Landfills closure and long-term care costs	541,537	-	39,470	502,067	-
Other postemployment benefit obligations	103,882	33,640	13,019	124,503	-
Net pension liability	4,771,632	3,232,480	-	8,004,112	92,500
Compensated absences	691,900	429,300	476,000	645,200	321,000
Total	$ 6,846,241	$3,870,458	$ 956,999	$ 9,759,700	$ 631,318

NOTE 10 – STATE OF FLORIDA PENSION PLANS

Defined Benefit Plans

The Office participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report may be obtained by writing to the Division of Retirement, PO Box 9000, Tallahassee, Florida, 32315-9000 or by calling (844) 377-1888.

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

NOTE 10 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

The Retiree Health Insurance Subsidy (HIS) Program 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. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided

Benefits under the FRS Pension 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.

Eligible retirees and beneficiaries receive 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.

Contributions

The contribution requirements of plan members and the County are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS. The County's contribution rates as of September 30, 2015, were as follows:

	FRS	HIS
Regular class	5.60%	1.66%
Special risk class	20.38%	1.66%
Senior management service class	19.77%	1.66%
Elected officials	40.61%	1.66%
DROP from FRS	11.22%	1.66%

The County's contributions for the year ended September 30, 2015, were $1,030,289 to the FRS and $100,139 to the HIS.

NOTE 10 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2015, the County reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2015, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2015. The County's proportions of the net pension liabilities were based on the County's share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	FRS	HIS
Net pension liability	$ 5,484,238	$ 2,519,874
Proportion at:		
Current measurement date	0.0425%	0.0247%
Prior measurement date	0.0403%	0.0248%
Pension expense (benefit)	$ 573,643	$ 202,094

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2015, 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	$ 578,973	$ 130,069	$ -	$ -
Changes of assumptions	364,007	-	198,248	-
Net difference between projected and actual earnings on pension plan investments	1,931,700	3,241,245	1,364	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,092,081	256,930	90,957	16,924
Employer contributions subsequent to the measurement date	236,500	-	27,550	-
Total	$ 4,203,261	$ 3,628,244	$ 318,119	$ 16,924

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2016. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

NOTE 10 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

Year ending September 30,	FRS	HIS
2016	$ (16,430)	$ 44,258
2017	(16,430)	44,258
2018	(16,430)	44,258
2019	(16,430)	44,258
2020	310,956	43,917
Thereafter	93,281	52,696
Total	$ 338,517	$ 273,645

Actuarial Assumptions

The total pension liability for each of the defined benefit plans, measured as of June 30, 2015, was determined by an actuarial valuation dated July 1, 2015, using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.60%	2.60%
Salary increases	3.25%	3.25%
Investment rate of return	7.65%	N/A
Discount rate	7.65%	3.80%

Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB.

For both plans, the actuarial assumptions used in the valuation dated July 1, 2015 were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The following changes in key actuarial assumptions occurred in 2015:

FRS: No changes in key actuarial assumptions.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 4.29% to 3.80%.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class.

NOTE 10 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1%	3.2%	3.1%
Fixed income	18%	4.8%	4.7%
Global equity	53%	8.5%	7.2%
Real estate (property)	10%	6.8%	6.2%
Private equity	6%	11.9%	8.2%
Strategic investments	12%	6.7%	6.1%
	100%		

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 7.65%. FRS' 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 the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.80% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the County's proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

	FRS			HIS		
	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)	1% Decrease (2.80%)	Current Discount Rate (3.80%)	1% Increase (4.80%)
Employer's proportionate share of the net pension liability	$ 14,210,901	$5,484,238	$ (1,777,779)	$ 2,871,280	$2,519,874	$ 2,226,855

Pension Plans' Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position is available in the State's separately issued financial reports.

NOTE 10 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

Defined Contribution Plan

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan ("FRS Investment Plan"), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. Required employer contributions made to the plan during the year ended September 30, 2015, totaled $138,446.

NOTE 11 – RISK MANAGEMENT

Public Entity Risk Pool

The County is exposed to various risks of loss related to general liability, professional law enforcement liability, and worker's compensation. The County participates in various public entity risk pools operating as common risk management and insurance programs for member governmental entities. The County pays annual premiums to the pools for its coverage. The premiums are designed to fund the liability risks assumed by the pools and are based on certain actual exposures of each member.

NOTE 12 – DEFICIT FUND BALANCES/BUDGET OVEREXPENDITURES

At September 30, 2015, the Airport Fund, a major governmental fund, and the Recreation/Libraries Fund, a nonmajor governmental fund, had deficit fund balances of $482,169 and $438,176 respectively. The EMS Fund, a major governmental fund, exceeded its budget by approximately $154,000.

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS PLAN

Plan Description – The County administers a single employer defined benefit plan for postemployment benefits other than pension benefits (OPEB Plan). The OPEB Plan provides for medical and life insurance for retirees and eligible dependents of the Board of County Commissioners and all Constitutional Officers.

The County provides health care coverage through a PPO plan offered through Av-Med and life insurance through The Standard.

Eligibility – Employees of the Board of County Commissioners, Sheriff, Clerk of Courts, Tax Collector, Property Appraiser and Supervisor of Elections are eligible at age 62 and 6 years of service, or 30 years of service, regardless of age, which is normal retirement.

Employees may retire early at age 43 and 6 years of service. Service-incurred disabled employees may retire immediately, while non-duty related disabled employees may retire upon completion of 8 years of service. Once a retiree waives coverage, he is not eligible to participate in the future. Surviving spouses

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

of deceased retirees are eligible for COBRA insurance coverage for 36 months if they were covered prior to the retiree's death.

As of October 1, 2012, the date of the latest actuarial valuation, plan participation consisted of 187 active employees and 3 retirees receiving benefits.

A separate stand-alone financial statement is not prepared for the OPEB Plan.

Funding Policy – The contribution requirements of the plan members and the County are established and may be amended by the Dixie County Board of County Commissioners. A trust has not been established. Contributions are being made based on pay-as-you-go financing requirements. Currently, retirees contribute 100% of the active participant's premium rates.

Annual OPEB Cost and Net OPEB Obligation – The County has elected to implement GASB Statement No. 45 prospectively with implementation beginning in 2011. The annual cost (expense) of the County's OPEB Plan is calculated based on the Annual Required Contribution ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liability over a period not to exceed 30 years. The following table shows the components of the County's annual OPEB Plan cost for the year, the amount actually contributed by the employer, and the changes in the net OPEB obligation.

Annual required contribution	$ 32,550
Interest on net OPEB obligation	4,670
Adjustments to ARC	(3,580)
Annual OPEB cost (expense)	33,640
Contributions made	(13,019)
Increase in net OPEB obligation	20,621
Net OPEB obligation - beginning of year	103,882
Net OPEB obligation - end of year	$ 124,503

Trend Information:

Year Ended	Annual OPEB Cost	Actual Employer Contribution	Percentage Contributed	Net OPEB Obligation
9/30/2015	$ 33,640	$ 13,019	38.70%	$ 124,503
9/30/2014	33,430	13,019	38.94%	103,882
9/30/2013	34,137	13,019	38.14%	83,471

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

Actuarial Methods and Assumptions – Calculations of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used are designed to reduce short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long term perspective of the calculations.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial methods are:

Actuarial cost method	Entry age normal
Amortization method	Level dollar
Amortization period	30 years - closed
Asset valuation method	N/A

The actuarial assumptions are:

Investment rate of return	4.5%
Payroll growth rate	0%
Inflation rate	3.0%
Mortality	RP-2000 Combined mortality table
Healthcare cost trend rate	8.5% in fiscal year 2013; decreasing 1.0% each year until reaching ultimate trend rate of 4.5% in 2017.

Funded Status and Funding Progress – The OPEB contributions made for the 2015 fiscal year were 38.7% of the annual OPEB cost. As of the actuarial valuation report dated October 1, 2012, the actuarial value of assets was $0, the actuarial accrued liability for benefits was $151,128 the unfunded actuarial accrued liability (UAAL) was also $151,128 the funded ratio was 0%, the covered payroll was $6,221,545 and the UAAL as a percentage of covered payroll was 2.4%

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

NOTE 14 – COMMITMENTS/CONTINGENCIES

The County is involved in litigation matters arising from the normal operation of a local government. The outcome of these legal claims against the County cannot at this time be determined.

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

NOTE 15 – RESTATEMENT

The County has restated the beginning net position of the governmental activities to implement the provisions of GASB Statement No. 68 and GASB Statement No. 71.

	Governmental Activities
Net position, beginning of year as previously reported	$ 34,285,386
Deferred outflows-employer contributions subsequent to measurement date	263,276
Deferred outflows- other than employer contributions subsequent to measurement date	1,596,928
Deferred inflows	(4,571,162)
Net pension liabiity-beginning of year	(4,771,632)
Net position – beginning of year as restated	$ 26,802,796

NOTE 16 – FUTURE ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board has issued statements that will become effective in 2016. The statements address:

- Fair value measurement and application; and
- GAAP hierarchy

The County is currently evaluating the effects that these statements will have on its financial statements for 2016.

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – General Fund
Year ended September 30, 2015

	Budgeted Amounts		Actual	Variance with Final
	Original	Final	Amounts	Budget
Revenues				
Taxes	$ 5,578,477	$ 5,675,077	$ 5,661,739	$ (13,338)
Permits, fees and special assessments	64,000	64,000	80,449	16,449
Intergovernmental	2,394,272	2,587,217	2,823,161	235,944
Charges for services	499,127	499,133	563,888	64,755
Fines and forfeitures	-	-	3,160	3,160
Miscellaneous	12,835	123,888	116,986	(6,902)
Total revenues	8,548,711	8,949,315	9,249,383	300,068
Expenditures				
Current:				
General government	3,455,026	3,642,156	3,047,905	594,251
Public safety	5,607,049	4,937,117	5,059,753	(122,636)
Physical environment	142,170	170,970	70,990	99,980
Transportation	100	100	-	100
Economic environment	61,070	62,120	40,618	21,502
Human services	552,472	507,713	456,752	50,961
Court related	144,320	216,249	185,412	30,837
Reserve for contingencies	220,810	504,933	-	504,933
Debt service:				
Principal retirement	-	160,684	160,684	-
Interest and fiscal charges	-	14,646	14,646	-
Total expenditures	10,183,017	10,216,688	9,036,760	1,179,928
Excess of revenues over (under) expenditures	(1,634,306)	(1,267,373)	212,623	1,479,996
Other financing sources (uses)				
Transfers in	642,967	608,142	607,421	(721)
Transfers out	(630,892)	(1,230,963)	(864,022)	366,941
Total other financing sources (uses)	12,075	(622,821)	(256,601)	366,220
Net change in fund balances	(1,622,231)	(1,890,194)	(43,978)	1,846,216
Fund balances – beginning of year	2,035,100	2,303,345	3,618,584	1,315,239
Fund balances – end of year	$ 412,869	$ 413,151	$ 3,574,606	$ 3,161,455

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 and adopted on a basis that does not differ materially from generally accepted accounting principles (GAAP). Appropriations lapse at year-end.

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – Fire District
Year ended September 30, 2015

	Budgeted Amounts		Actual	Variance with Final
	Original	Final	Amounts	Budget
Revenues				
Permits, fees and special assessments	$ 444,000	$ 444,000	$ 460,523	$ 16,523
Intergovernmental	909,140	909,140	773,329	(135,811)
Miscellaneous	950	950	330	(620)
Total revenues	1,354,090	1,354,090	1,234,182	(119,908)
Expenditures				
Current:				
Public safety	1,310,653	1,310,653	882,457	428,196
Debt service:				
Principal retirement	94,368	94,368	137,262	(42,894)
Interest and fiscal charges	3,569	3,569	4,289	(720)
Total expenditures	1,408,590	1,408,590	1,024,008	384,582
Excess of revenues under expenditures	(54,500)	(54,500)	210,174	264,674
Other financing sources (uses)				
Transfers in	75,000	75,000	78,095	3,095
Transfers out	(38,000)	(38,000)	(41,076)	(3,076)
Total other financing sources (uses)	37,000	37,000	37,019	19
Net change in fund balances	(17,500)	(17,500)	247,193	264,693
Fund balances – beginning of year	39,748	39,748	(162,915)	(202,663)
Fund balances – end of year	$ 22,248	$ 22,248	$ 84,278	$ 62,030

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 and adopted on a basis that does not differ materially from generally accepted accounting principles (GAAP). Appropriations lapse at year-end.

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – EMS
Year ended September 30, 2015

	Budgeted Amounts		Actual	Variance with Final
	Original	Final	Amounts	Budget
Revenues				
Taxes	$ 1,262,898	$ 1,262,898	$ 1,228,080	$ (34,818)
Intergovernmental	402,806	402,806	488,822	86,016
Charges for services	855,000	855,000	1,103,902	248,902
Miscellaneous	2,000	2,000	16,050	14,050
Total revenues	2,522,704	2,522,704	2,836,854	314,150
Expenditures				
Current:				
Public safety	2,791,582	2,791,582	2,946,006	(154,424)
Excess of revenues over (under) expenditures	(268,878)	(268,878)	(109,152)	159,726
Other financing sources (uses)				
Transfers in	-	-	8,026	8,026
Transfers out	(42,000)	(42,000)	(49,909)	(7,909)
Total other financing sources (uses)	(42,000)	(42,000)	(41,883)	117
Net change in fund balances	(310,878)	(310,878)	(151,035)	159,843
Fund balances – beginning of year	419,373	419,373	2,102,655	1,683,282
Fund balances – end of year	$ 108,495	$ 108,495	$ 1,951,620	$ 1,843,125

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 and adopted on a basis that does not differ materially from generally accepted accounting principles (GAAP). Appropriations lapse at year-end. The fund overexpended its budget $154,424.

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – County Transportation Trust
Year ended September 30, 2015

	Budgeted Amounts		Actual	Variance with Final
	Original	Final	Amounts	Budget
Revenues				
Taxes	$ 378,000	$ 378,000	$ 439,318	$ 61,318
Permits, fees and special assessments	1,000	1,000	1,400	400
Intergovernmental	5,248,250	5,248,250	1,782,645	(3,465,605)
Miscellaneous	17,200	17,200	80,689	63,489
Total revenues	5,644,450	5,644,450	2,304,052	(3,340,398)
Expenditures				
Current:				
Transportation	6,338,885	6,338,885	2,684,533	3,654,352
Reserve for contingencies	50,000	50,000	-	50,000
Debt service:				
Principal retirement	37,000	37,000	36,930	70
Interest and fiscal charges	1,360	1,360	1,355	5
Total expenditures	6,427,245	6,427,245	2,722,818	3,704,427
Excess of revenues over (under) expenditures	(782,795)	(782,795)	(418,766)	364,029
Other financing sources				
Transfers in	559,965	559,965	159,965	(400,000)
Net change in fund balances	(222,830)	(222,830)	(258,801)	(35,971)
Fund balances – beginning of year	295,000	295,000	518,043	223,043
Fund balances – end of year	$ 72,170	$ 72,170	$ 259,242	$ 187,072

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 and adopted on a basis that does not differ materially from generally accepted accounting principles (GAAP). Appropriations lapse at year-end.

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – Airport
Year ended September 30, 2015

	Budgeted Amounts		Actual	Variance with Final
	Original	Final	Amounts	Budget
Revenues				
Intergovernmental	2,862,500	2,862,500	$ 1,679,054	$ (1,183,446)
Charges for services	700	700	800	100
Miscellaneous	8,050	8,050	6,684	(1,366)
Total revenues	2,871,250	2,871,250	1,686,538	(1,184,712)
Expenditures				
Current:				
Transportation	2,989,300	2,989,300	2,219,035	770,265
Excess of revenues under expenditures	(118,050)	(118,050)	(532,497)	(414,447)
Other financing sources (uses)				
Transfers in	110,488	110,488	88,371	(22,117)
Net change in fund balances	(7,562)	(7,562)	(444,126)	(436,564)
Fund balances – beginning of year	8,000	8,000	(38,043)	(46,043)
Fund balances – end of year	$ 438	$ 438	$ (482,169)	$ (482,607)

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 and adopted on a basis that does not differ materially from generally accepted accounting principles (GAAP). Appropriations lapse at year-end.

Required Supplementary Information
Other Postemployment Benefits

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as % of Covered Payroll (B-A)/C
10/1/2012	$ -	$ 151,128	$ 151,128	-	$ 6,221,545	2.4%
10/1/2009	-	124,847	124,847	-	5,342,290	2.3%

Notes:

1. See Note 13 to the financial statements for detailed information on the County's OPEB Plan.

Schedules of Proportionate Share of Net Pension Liability
Last 10 Fiscal Years (1)

Florida Retirement System		2015
Employer's proportion of the net pension liability (asset)		0.0425%
Employer's proportionate share of the net pension liability (asset)	$	5,484,238
Employer's covered-employee payroll (2)	$	7,496,858
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		73.15%
Plan fiduciary net position as a percentage of the total pension liability		92.00%

Health Insurance Subsidy Program		2015
Employer's proportion of the net pension liability (asset)		0.0247%
Employer's proportionate share of the net pension liability (asset)	$	2,519,874
Employer's covered-employee payroll (2)	$	7,496,858
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		33.61%
Plan fiduciary net position as a percentage of the total pension liability		0.50%

Notes to schedules:

(1) The amounts presented for each fiscal year were determined as of the measurement date, which was June 30th of the current fiscal year.

(2) Covered-employee payroll includes defined benefit plan actives, investment plan members, and members in DROP.

GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

Schedules of Employer Contributions
Last 10 Fiscal Years

Florida Retirement System		2015
Contractually required contribution	$	1,030,289
Contributions in relation to the contractually required contribution		1,030,289
Contribution deficiency (excess)	$	-
Employer's covered-employee payroll (1)	$	7,421,285
Contributions as a percentage of covered-employee payroll		13.88%

Health Insurance Subsidy Program		2015
Contractually required contribution	$	100,139
Contributions in relation to the contractually required contribution		100,139
Contribution deficiency (excess)	$	-
Employer's covered-employee payroll (1)	$	7,421,285
Contributions as a percentage of covered-employee payroll		1.35%

Notes to schedules:
(1) Covered-employee payroll includes defined benefit plan actives, investment plan members, and members in DROP.

GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

Supplementary Information

Combining Balance Sheet – Nonmajor Governmental Funds
September 30, 2015

	Special Revenue Funds			
	Law Library	Recreation and Libraries	Solid Waste Disposal	Court Facilities
Assets				
Cash and equivalents	$ 70,257	$ 100,216	$ 466,695	$ 134,271
Due from other funds	896	1,259	11,234	1,809
Due from other governments	-	-	-	-
Receivables	-	3,195	88,669	-
Mortgage receivable	-	-	-	-
Total assets	$ 71,153	$ 104,670	$ 566,598	$ 136,080
Liabilities, deferred inflows and fund balances				
Liabilities:				
Accounts payable and accrued liabilities	$ 3,496	$ 21,148	$ 85,820	$ 152
Due to other funds	-	21,698	31,513	-
Advances from other funds	-	500,000	-	-
Total liabilities	3,496	542,846	117,333	152
Deferred inflows:				
Grant advance	-	-	-	-
Unavailable revenue	-	-	-	-
Total deferred inflows	-	-	-	-
Fund balances:				
Restricted	67,657	-	-	135,928
Assigned	-	-	449,265	-
Unassigned	-	(438,176)	-	-
Total fund balances	67,657	(438,176)	449,265	135,928
Total liabilities, deferred inflows and fund balances	$ 71,153	$ 104,670	$ 566,598	$ 136,080

(Continued)

Combining Balance Sheet – Nonmajor Governmental Funds
September 30, 2015

	Special Revenue Funds			
	Law Enforce-ment Trust	State Housing Initiative Program	E-911	Fine and Forfeiture
Assets				
Cash and equivalents	$ 296,135	$ 193,757	$ 129,379	$ 36,790
Due from other funds	495	-	-	907
Due from other governments	-	-	33,724	-
Receivables	-	-	-	-
Mortgage receivable	-	36,120	-	-
Total assets	$ 296,630	$ 229,877	$ 163,103	$ 37,697
Liabilities, deferred inflows and fund balances				
Liabilities:				
Accounts payable and accrued liabilities	$ -	$ 108,672	$ 4,025	$ 673
Due to other funds	-	-	2,321	-
Advances from other funds	-	-	-	-
Total liabilities	-	108,672	6,346	673
Deferred inflows:				
Grant advance	31,791	-	-	-
Unavailable revenue	-	36,120	-	-
Total deferred inflows	31,791	36,120	-	-
Fund balances:				
Restricted	264,839	85,085	156,757	37,024
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	264,839	85,085	156,757	37,024
Total liabilities, deferred inflows and fund balances	$ 296,630	$ 229,877	$ 163,103	$ 37,697

(Continued)

Combining Balance Sheet – Nonmajor Governmental Funds
September 30, 2015

	Special Revenue Funds		
	Impact Fee	Court Operating Fund	Records Moderni-zation Trust
Assets			
Cash and equivalents	$ 433,394	$ 7,546	$ 47,462
Due from other funds	-	23,418	2,520
Due from other governments	-	32,298	-
Receivables	-	-	-
Mortgage receivable	-	-	-
Total assets	$ 433,394	$ 63,262	$ 49,982
Liabilities, deferred inflows and fund balances			
Liabilities:			
Accounts payable and accrued liabilities	$ -	$ 29,824	$ -
Due to other funds	-	33,438	-
Advances from other funds	-	-	-
Total liabilities	-	63,262	-
Deferred inflows:			
Grant advance	-	-	-
Unavailable revenue	-	-	-
Total deferred inflows	-	-	-
Fund balances:			
Restricted	433,394	-	49,982
Assigned	-	-	-
Unassigned	-	-	-
Total fund balances	433,394	-	49,982
Total liabilities, deferred inflows and fund balances	$ 433,394	$ 63,262	$ 49,982

(Continued)

Combining Balance Sheet – Nonmajor Governmental Funds
September 30, 2015

	Special Revenue Funds	
	Inmate Welfare Fund	Totals
Assets		
Cash and equivalents	$ 106,737	$ 2,022,639
Due from other funds	-	42,538
Due from other governments	-	66,022
Receivables	4,229	96,093
Mortgage receivable	-	36,120
Total assets	110,966	2,263,412
Liabilities, deferred inflows and fund balances		
Liabilities:		
Accounts payable and accrued labilities	-	253,810
Due to other funds	20,025	108,995
Advances from other funds	-	500,000
Total liabilities	20,025	862,805
Deferred inflows:		
Grant advance	-	31,791
Unavailable revenue	-	36,120
Total deferred inflows	-	67,911
Fund balances:		
Restricted	-	1,230,666
Assigned	90,941	540,206
Unassigned	-	(438,176)
Total fund balances	90,941	1,332,696
Total liabilities, deferred inflows and fund balances	$ 110,966	$ 2,263,412

(Concluded)

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year ended September 30, 2015

	Special Revenue Funds			
	Law Library	Recreation and Libraries	Solid Waste Disposal	Court Facilities
Revenues				
Taxes	$ -	$ 188,943	$ -	$ -
Permits, fees and special assessments	-	-	1,318,276	-
Intergovernmental	-	221,293	122,449	-
Charges for services	7,541	51,381	55,788	-
Fines and forfeitures	-	-	-	22,356
Miscellaneous	34	1,044	116,095	235
Total revenues	7,575	462,661	1,612,608	22,591
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Physical environment	-	-	1,737,406	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Human services	2,632	-	72,897	-
Culture and recreation	-	443,278	-	-
Court related	5,936	-	-	103,647
Debt service:				
Principal retirement	-	-	93,634	-
Interest and fiscal charges	-	-	6,270	-
Total expenditures	8,568	443,278	1,910,207	103,647
Excess of revenues over (under) expenditures	(993)	19,383	(297,599)	(81,056)
Other financing sources (uses)				
Debt issued	-	-	175,038	-
Transfers in	-	1,233	234,623	-
Transfers out	-	(29,217)	(188,746)	-
Total other financing sources (uses)	-	(27,984)	220,915	-
Net change in fund balances	(993)	(8,601)	(76,684)	(81,056)
Fund balances – beginning of year	68,650	(429,575)	525,949	216,984
Fund balances – end of year	$ 67,657	$ (438,176)	$ 449,265	$ 135,928

(Continued)

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year ended September 30, 2015

	Special Revenue Funds			
	Law Enforce-ment Trust	State Housing Initiative Program	E-911	Fine and Forfeiture
Revenues				
Taxes	$ -	$ -	$ -	$ -
Permits, fees and special assessments	-	-	-	-
Intergovernmental	-	-	195,792	-
Charges for services	3,678	-	26,813	-
Fines and forfeitures	5,284	-	-	10,155
Miscellaneous	395	7,444	283	21
Total revenues	9,357	7,444	222,888	10,176
Expenditures				
Current:				
General government	-	-	-	-
Public safety	3,000	-	246,836	26,451
Physical environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	622,445	-	-
Human services	-	-	-	-
Culture and recreation	-	-	-	-
Court related	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	3,000	622,445	246,836	26,451
Excess of revenues over (under) expenditures	6,357	(615,001)	(23,948)	(16,275)
Other financing sources (uses)				
Debt issued	-	-	-	-
Transfers in	-	-	293,709	-
Transfers out	(4,764)	-	(293,709)	-
Total other financing sources (uses)	(4,764)	-	-	-
Net change in fund balances	1,593	(615,001)	(23,948)	(16,275)
Fund balances – beginning of year	263,246	700,086	180,705	53,299
Fund balances – end of year	$ 264,839	$ 85,085	$ 156,757	$ 37,024

(Continued)

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year ended September 30, 2015

	Special Revenue Funds		
	Impact Fee	Court Operating Fund	Records Moderni-zation Trust
Revenues			
Taxes	$ -	$ -	$ -
Permits, fees and special assessments	101,225	-	-
Intergovernmental	-	254,521	-
Charges for services	-	111,253	17,041
Fines and forfeitures	-	104,376	12,222
Miscellaneous	566	162	25
Total revenues	101,791	470,312	29,288
Expenditures			
Current:			
General government	-	-	3,000
Public safety	8,432	-	-
Physical environment	-	-	-
Transportation	-	-	-
Economic environment	-	-	-
Human services	-	-	-
Culture and recreation	-	-	-
Court related	-	470,312	28,043
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	8,432	470,312	31,043
Excess of revenues over (under) expenditures	93,359	-	(1,755)
Other financing sources (uses)			
Debt issued	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	93,359	-	(1,755)
Fund balances – beginning of year	340,035	-	51,737
Fund balances – end of year	$ 433,394	$ -	$ 49,982

(Continued)

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year ended September 30, 2015

	Inmate Welfare Fund	Totals
Revenues		
Taxes	$ -	$ 188,943
Permits, fees and special assessments	-	1,419,501
Intergovernmental	-	794,055
Charges for services	-	273,495
Fines and forfeitures	-	154,393
Miscellaneous	48,410	174,714
Total revenues	48,410	3,005,101
Expenditures		
Current:		
General government	-	3,000
Public safety	68,516	353,235
Physical environment	-	1,737,406
Transportation	-	-
Economic environment	-	622,445
Human services	-	75,529
Culture and recreation	-	443,278
Court related	-	607,938
Debt service:		
Principal retirement	-	93,634
Interest and fiscal charges	-	6,270
Total expenditures	68,516	3,942,735
Excess of revenues over (under) expenditures	(20,106)	(937,634)
Other financing sources (uses)		
Debt issued		175,038
Transfers in	-	529,565
Transfers out	-	(516,436)
Total other financing sources (uses)	-	188,167
Net change in fund balances	(20,106)	(749,467)
Fund balances – beginning of year	111,047	2,082,163
Fund balances – end of year	$ 90,941	$ 1,332,696

(Concluded)

Combining Statement of Fiduciary Net Position
September 30, 2015

	Agency Funds			
	Clerk of the Circuit Court	Sheriff	Tax Collector	Totals
Assets				
Cash	$ 500,658	$ 54,516	$ 310,509	$ 865,683
Receivables	-	-	3,216	3,216
Total assets	500,658	54,516	313,725	868,899
Liabilities				
Assets held for others	500,658	54,516	313,725	868,899
Net position	$ -	$ -	$ -	$ -

Schedule of Expenditures of Federal Awards and State Financial Assistance
Year ended September 30, 2015

Federal Awards	Federal CFDA Number	Contract Number	Expenditures	Program Total
U.S. Department of Transportation/Federal Aviation Administration				
Direct:				
Airport Improvement Program	20.106	3-12-015-010-2014	$ 1,776,625	
Airport Improvement Program	20.106	3-12-015-011-2015	25,152	$ 1,801,777
U.S. Department of Health and Human Services				
Passed through the State Department of Revenue:				
Title IVD – Child Support Enforcement Program	93.563	CE315	72,864	
U.S. Department of Homeland Security				
Direct:				
Staffing for Adequate Fire and Emergency Response	97.083	EMW-2012-FH-00261	397,069	
Passed Through the State Department of Economic Opportunity:				
Emergency Management Performance Grant (EMPG)	97.042	15-FG-4D-03-25-01-082	32,395	
Emergency Management Performance Grant (EMPG)	97.042	16-FG-5A-03-25-01-081	14,469	46,864
Homeland Security Grant Program (ODP)	97.067	15-DS-L5-03-25-01-144	9,800	
Passed Through the State of Florida Division of Emergency Management:				
Hazard Mitigation Grant	97.039	11-HM-3G-03-25-01-013	30,929	
Hazard Mitigation Grant	97.039	14-HM-6B-03-25-01-430	11,250	42,179
Total expenditures of federal awards			$ 2,370,553	

(Continued)

Schedule of Expenditures of Federal Awards and State Financial Assistance
Year ended September 30, 2015

State Financial Assistance	CSFA Number	Contract Number	Expenditures	Project Total
Executive Office of the Governor				
EMPA Base Grant	31.063	16-BG-83-03-25-01-014	$ 23,605	
EMPA Base Grant	31.063	15-BG-83-03-25-01-015	105,806	$ 129,411
Department of Environmental Protection				
Small County Consolidated Grants	37.012	506SC	90,005	
Florida Department of Agriculture and Consumer Services				
Mosquito Control/Waste Tire Abatement	42.003	21315	31,540	
Florida Department of State and Secretary of State				
State Aid to Libraries	45.030	15-ST-87	139,116	
Florida Housing Finance Program				
State Housing Initiatives Program	52.901	52.901	622,597	
Florida Department of Transportation				
Aviation Development Grant - Cross City Airport	55.004	427239-1-94-15/AR691	98,701	
Aviation Development Grant - Cross City Airport	55.004	216870-3-94-15/AR474	135,077	
Aviation Development Grant - Cross City Airport	55.004	216870-3-94-16/AR474	66,892	300,670
Small County Outreach Program:				
CR 351 from Horseshoe Beach to CR 357	55.009	13435334-1-58-01	105,335	
Small County Road Assistance Program:				
CR 351 from Horseshoe Beach to CR 137	55.016	431613-1-58-01	433,770	
CR 351 from SW 318 St/SE 163	55.016	431613-1-58-01	296,388	730,158
Department of Health				
EMS Matching Grant	64.003	M4088	170,554	
Department of Management Services				
E911 Maintenance	72.001	14-10-6	44,677	
E911 Maintenance	72.001	14-10-21	52,527	
E911 Maintenance	72.001	15-4-6	14,588	111,792
Total expenditures of state financial assistance			$ 2,431,178	

The accompanying notes are an integral part of this schedule.

(Concluded)

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

NOTE 1 – BASIS OF PRESENTATION

In the accompanying schedule of expenditures of federal awards and state financial assistance, expenditures generally represent allowable costs, determined in accordance with generally accepted accounting principles, using the modified accrual basis of accounting.

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.

NOTE 2 – SUBRECIPIENTS

The County did not provide federal or state awards to subrecipients.

Additional Elements Required by the Rules of the Auditor General

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MANAGEMENT LETTER

The Honorable County Commissioners
Dixie County, Florida

We have audited the financial statements of Dixie County, Florida (the "County"), as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated August 03, 2016.

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 U.S. Office of Management and Budget Circular A-133. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

Prior Audit Findings

The Rules of the Auditor General require that we comment as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding audit. If the audit findings in the preceding audit report are uncorrected, we are required to identify those findings that were also included in the second preceding audit report. These requirements of the Rules of the Auditor General are addressed in the Schedule of Findings and Questioned Costs that accompanies this letter. The County corrected prior year finding 2014-004.

Financial Condition

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

Also, as required by the Rules of the Auditor General, we applied financial condition assessment procedures, as of the end of the fiscal year, pursuant to Rule 10.556(8). It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by management. The application of such procedures did not reveal evidence of "deteriorating financial condition" as that term is defined in Rule 10.554.

Annual Financial Report

As required by the Rules of the Auditor General, we determined that the annual financial report for the County for the fiscal year ended September 30, 2015, filed with the Department of Financial Services pursuant to Section 218.32, Florida Statutes, is in substantial agreement with the audit report for the fiscal year ended September 30, 2015.

Other Matters

Rules of the Auditor General require that we address in the management letter any recommendations to improve financial management. Such recommendations are included in the accompanying Schedule of Findings and Questioned Costs as items 2015-004 and 2015-005.

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

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

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

Carr, Riggs & Ingram, L.L.C.

Gainesville, Florida
August 03, 2016

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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

The Honorable County Commissioners
Dixie County, Florida

We have examined Dixie County, Florida's (the "County") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2015. Management is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

In our opinion, Dixie County complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

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

Carr, Riggs & Ingram, L.L.C.

Gainesville, Florida
August 03, 2016

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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTIONS 365.172(10) AND 365.173(2)(d), FLORIDA STATUTES

The Honorable County Commissioners
Dixie County, Florida

We have examined Dixie County, Florida's (the County) compliance with the requirements of Section 365.172(10), Florida Statutes, *Authorized Expenditures of E911 Fee*, and Section 365.173(2)(d), Florida Statutes, *Distribution and Use of (E911) Funds,* during the year ended September 30, 2015. Management is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

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

In our opinion, the County complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

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

Carr, Riggs & Ingram, L.L.C.

Gainesville, Florida
August 03, 2016

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INDEPENDENT AUDITOR'S 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 County Commissioners
Dixie County, Florida

We have audited, in accordance with the 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 Dixie County, Florida (the "County"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 03, 2016. Our report on the financial statements emphasized that the County implemented the provisions of GASB 68 and 71.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2015-002 and 2015-003 to be significant deficiencies.

Compliance and Other Matters

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

County's Response to Findings

The County's response to the findings identified in our audit is described in its accompanying letter of response. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Carr, Riggs & Ingram, L.L.C.

Gainesville, Florida
August 03, 2016

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

The Honorable County Commissioners
Dixie County, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited the compliance of Dixie County, Florida (the "County") with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the requirements described in the Department of Financial Services' State Projects Compliance Supplement that could have a direct and material effect on each of the County's major federal programs and state projects for the year ended September 30, 2015. The County's major federal programs and 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 federal programs and state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs and 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Auditor General. Those standards, OMB Circular A-133 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 federal program or state project occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program and State Project

In our opinion, the County 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 federal programs and major state projects for the year ended September 30, 2015.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and 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 federal program and state project and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below we identified deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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 federal program or 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 federal program or state project will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2015-006 to be a material weakness.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2015-007 to be a significant deficiency.

The County's response to the internal control over compliance findings identified in our audit is described in the accompanying response. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

Gainesville, Florida
August 03, 2016

PART I – SUMMARY OF AUDITOR'S RESULTS

(i) The independent auditor's report on the financial statements expressed unmodified opinions.

(ii) The audit reported significant deficiencies in internal control over financial reporting, and disclosed a material weakness.

(iii) The audit did not disclose any noncompliance considered material to the financial statements.

(iv) The audit disclosed a material weakness in internal control over the major federal award programs and the major state projects. A significant deficiency was reported in internal control over a major federal program.

(v) The report on compliance with requirements applicable to each major federal program and each major state project expressed an unmodified opinion.

(vi) The audit disclosed findings relative to the major federal programs and the major state projects, as described in iv.

(vii) The County's major programs/projects were:

Federal Programs	CFDA Number
Staffing for Adequate Fire & Emergency Response	97.083
Airport Improvement Program	20.106

State Projects	CSFA Number
Small County Road Assistance Program	55.016
State Housing Initiatives Program	52.901

(viii) A threshold of $300,000 was used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133 for federal programs, and $300,000 was used for major state projects.

(ix) The County did not qualify as a low-risk auditee as that term is defined in OMB Circular A-133.

PART II – FINANCIAL STATEMENT FINDINGS

2015-001 (Reported in previous audit reports as items 2014-001 and 2013-001.)

Condition – As part of the audit process, we proposed material adjustments to the County's financial statements. It was also necessary for us to assist with the preparation of the County's financial statements. Our proposed adjustments were accepted by management, enabling the financial statements to be fairly presented in conformity with generally accepted accounting principles.

Recommendation – We recommend that the County consider and evaluate the costs and benefits of improving internal controls relative to the financial reporting process.

2015-002 (Reported in previous audit reports as items 2014-002 and 2013-003.)

Condition – Currently, the same individual who processes payroll has access to change pay rates.

Recommendation – In order to enhance controls over payroll, an individual, independent of that function, should have the authority to input and edit pay rates.

2015-003 (Reported in previous audit reports as items 2014-003 and 2013-004.)

Condition – Rule 69I-73.006, Florida Administrative Code, requires each governmental unit to ensure a complete physical inventory of all property is performed annually and whenever there is a change of custodian. The County did not perform a physical inventory in the current year.

Recommendation – The County should perform a physical inventory of tangible personal property annually, as required by the Rules.

2015-004 (Reported in previous audit report as item 2014-005.)

Condition – The County has not filed reimbursement requests for several grants in a timely manner. As a consequence, the County's unrestricted resources are financing expenditures and programs that are allowable under federal and state grants. This delay can have an adverse effect on the cash flows of the funds financing these grant operations or could potentially affect the collectability of the amounts due.

Recommendation – Procedures should be implemented to ensure that grant reimbursements are filed timely whenever possible. The prompt reimbursement of funds allows for County resources to be more effectively used and reduces likelihood that grantors may not reimburse allowable costs.

PART II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

2014-005 (Reported in previous audit report as item 2014-006.)

Condition – The Recreation and Library Fund of the County has a deficit fund balance of approximately $438,000 and a long-term payable to the General Fund of $500,000. The deficit fund balance has been increasing since September 30, 2013 when the deficit fund balance was $160,552. The deficit fund balances and cash advances are partly due to projects the County has performed in anticipation of grant funding that has not always been realized.

Recommendation – Management should evaluate the likelihood of repaying the funds owed to the General Fund and take appropriate action to either forgive this loan or restructure it where payments are made consistently to reduce the balance. The nonpayment of the loan and increasing deficit fund balance could potentially have a negative effect on the County's General Fund in the future.

PART III – FINDINGS AND QUESTIONED COSTS – FEDERAL PROGRAMS

		Questioned Costs
2015-006	(Reported in previous audit report as item 2014-007.) CFDA 97.083 and 20.106 **Condition** – The County's procedures are not adequate to ensure the proper identification of financial assistance programs and an accurate Schedule of Expenditures of Federal Awards and State Financial Assistance as required by OMB Circular A-133 and the Florida Single Audit Act. **Recommendation** – The County should develop policies and procedures to gather all relevant data necessary for a complete and accurate presentation of the Schedule of Federal Awards and State Financial Assistance.	$--
2015-007	CFDA 20.106 **Condition** – The County was not able to provide documentation that it had ensured compliance with the Wage Rate Requirements for its Airport Improvement Program. **Recommendation** – When awarding construction contracts funded by the Airport Improvement Program, the County should, at a minimum, include in the contract a provision that the contractor or subcontractor comply with the requirements that laborers and mechanics must be paid prevailing wage rates established for the locality of the project by the Department of Labor. We determined thorough inquiry of the project engineer that prevailing wages were paid, and therefore, no questioned costs have been reported.	$--

PART IV – FINDINGS AND QUESTIONED COSTS – STATE PROJECTS

		Questioned Costs
2015-008	(Reported in previous audit report as item 2014-008.)	
	CSFA 55.016 and CSFA 52.901	
	Condition – Refer to item 2015-006 on previous page.	$--

Summary Schedule of Prior Audit Findings
(Relative to Federal and State Awards)

Prior Audit Finding	Current Status
2014-007 (CFDA 97.083) **2014-008** (CSFA 31.063, 55.016, 45.030 and 77.007) The auditor found that procedures should be implemented to ensure a complete and accurate Schedule of Federal Awards and State Financial Assistance.	Not resolved. We are continuing our efforts to resolve this issue.
2014-009 (CSFA 45.030) The auditor found that time sheets of the library director should be approved by the County Coordinator.	Resolved.

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Dana D. Johnson
Clerk of the Circuit Court

DIXIE COUNTY
P. O. Box 1206
Cross City, FL 32628-1206

August 2, 2016

Honorable Sherrill F. Norman
Auditor General, State of Florida
G74 Claude Pepper Building
111 West Madison Street
Tallahassee, FL 32399-1450

IN RE: RESPONSE TO AUDIT OF THE DIXIE COUNTY BOARD OF COUNTY COMMISSIONERS FOR THE FISCAL PERIOD ENDING SEPTEMBER 30, 2015

Dear Ms. Norman:

As Clerk of the Circuit Court of Dixie County, Florida, I hereby submit to you my response to the above referenced audit as prepared by the firm of Carr, Riggs & Ingram, PO Box 13442, Gainesville, FL 32604.

PART II – FINANCIAL STATEMENT FINDINGS

2015-001 (Reported in previous audit reports as items 2014-001 and 2013-001.)

Condition – As part of the audit process, we proposed material adjustments to the County's financial statements. It was also necessary for us to assist with the preparation of the County's financial statements. Our proposed adjustments were accepted by management, enabling the financial statements to be fairly presented in conformity with generally accepted accounting principles.

Recommendation – We recommend that the County consider and evaluate the costs and benefits of improving internal controls relative to the financial reporting process.

RESPONSE TO 2015-001: As in the past, we continue to evaluate the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and have still determined that it is in our best interest to outsource this task to our independent auditors.

2015-002 (Reported in previous audit reports as items 2014-002 and 2013-003.)

Condition – Currently, the same individual who processes payroll has access to change pay rates.

Recommendation – In order to enhance controls over payroll, an individual, independent of payroll, should have the authority to input and edit pay rates and vendors.

RESPONSE TO 2015-002: An additional employee has been requested in the fiscal year 2017 budget in order to segregate responsibilities and to include the ability to input and edit pay rates independent of the payroll processing.

2015-003 (Reported in previous audit reports as items 2014-003 and 2013-004.)

Condition – Rule 691-73.006, Florida Administrative Code, requires each governmental unit to ensure a complete physical inventory of all property is performed annually and whenever there is a change of custodian. The County did not perform a physical inventory in the current year.

Recommendation – The County should perform a physical inventory of personal tangible property annually, as required by the Rules.

RESPONSE TO 2015-003: We have currently begun the process of a physical inventory for the 2016 fiscal year and anticipate completion by the end of the year. In addition, we have assigned this ongoing task to a permanent employee.

2015-004 (Reported in previous audit report as item 2014-005)

Condition – The County has not filed reimbursement requests for several grants in a timely manner. As a consequence, the County's unrestricted resources are financing expenditures and programs that are allowable under federal and state grants. This delay can have an adverse effect on the cash flows of the funds financing these grant operations or could potentially affect the collectability of the amounts due.

Recommendation – Procedures should be implemented to ensure that grant reimbursements are filed timely whenever possible. The prompt reimbursement of funds allows for County resources to be more effectively used and reduces likelihood that grantors may not reimburse allowable costs.

RESPONSE TO 2015-004: The grants will be more closely monitored and requests will be made timely. The additional employee referenced in response to condition 2015-002 will assist is these duties as well.

2015-005 (Reported in previous audit report as item 2014-006)

Condition – The Recreation and Library Fund of the County has a deficit fund balance of approximately $438,000 and a long-term payable to the General Fund of $500,000. The deficit fund balance has been increasing since September 30, 2013 when the deficit fund balance was $160,552. The deficit fund balances and cash advances are partly due to projects the County has performed in anticipation of grant funding that has not always been realized.

Recommendation – Management should evaluate the likelihood of repaying the funds owed to the General Fund and take appropriate action to either forgive this loan or restructure it where payments are made consistently to reduce the balance. The nonpayment of the loan and increasing deficit fund balance could potentially have a negative effect on the County's General Fund in the future.

RESPONSE TO 2015-005: We are currently evaluating the feasibility of partial loan repayment and partial forgiveness of the amounts owed to General Fund from the Recreation and Library Fund.

PART III – FINDINGS AND QUESTIONED COSTS - FEDERAL PROGRAMS

2015-006 (Reported in previous audit report as item 2014-007)

CFDA 97.083 and 20.106

Condition – The County's procedures are not adequate to ensure the proper identification of financial assistance programs and an accurate Schedule of Expenditures of Federal Awards and State Financial Assistance as required by OMB Circular A-133 and the Florida Single Audit Act.

Recommendation – The County should develop policies and procedures to gather all relevant data necessary for a complete and accurate presentation of the Schedule of Federal Awards and State Financial Assistance.

RESPONSE TO 2015-006: The grant coordinator along with the county manager and assistant county manager has implemented a grant tracking spreadsheet that will accurately track the Federal and State Awards.

2015-007 CFDA 20.106

Condition – The County was not able to provide documentation that it had ensured compliance with the Wage Rate Requirements for its Airport Improvement Program.

Recommendation - When awarding construction contracts funded by the Airport Improvement Program, the County should, at a minimum, include in the contract a provision that the contractor or subcontractor comply with the requirements that laborers and mechanics must be paid prevailing wage rates established for the locality of the project by the Department of Labor. We have determined through enquiry of the project engineer that prevailing wages were paid, and therefore, no questioned costs have been reported.

RESPONSE TO 2015-007: Future contracts for construction will include, at a minimum, a provision that the contractor or sub-contractor comply with the required prevailing wage rates established for the locality of the project by the Department of Labor.

PART IV – FINDINGS AND QUESTIONED COSTS - STATE PROJECTS

2015-008 (Reported in previous audit report as item 2014-008)

CSFA 55.016 and CSFA 52.901

Condition – Refer to item 2015-006 on previous page

RESPONSE TO 2015-008: Same as response to 2015-006 on previous page.

Respectfully submitted,

Dana D. Johnson

Dana D. Johnson
Clerk-Auditor

Dixie County
Clerk of the Circuit Court

Audit Report

September 30, 2015

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September 30, 2015

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INDEPENDENT AUDITOR'S REPORT

The Honorable Dana Johnson
Clerk of the Circuit Court
Dixie County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the office of the Dixie County Clerk of the Circuit Court (the "Office") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Office's special purpose 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.

Auditor's 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 and the aggregate remaining fund information of the Office as of September 30, 2015, and the respective changes in financial position, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

We draw attention to Note 1 to the financial statements, which describes that the accompanying financial statements 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 special purpose financial statements that do not constitute a complete presentation, but otherwise constitute financial statements prepared in accordance with generally accepted accounting principles. Our opinions are not modified with respect to this matter.

We also draw attention to Note 4 to the financial statements, which indicate that the Office disclosed a net pension liability as a result of implementing GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date.* Our opinions are 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 and pension trend information be presented to supplement the special purpose financial statements. Such information, although not a part of the special purpose financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the special purpose 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 special purpose financial statements, and other knowledge we obtained during our audit of the special purpose financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Office's special purpose financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the special purpose financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the special purpose financial statements. The information has been subjected to the auditing procedures applied in the audit of the special purpose financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special purpose financial statements or to the special purpose financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the special purpose financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2016, on our consideration of the Office's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Office's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Gainesville, Florida
July 29, 2016

Dixie County Clerk of the Circuit Court

Balance Sheet – Governmental Funds
September 30, 2015

	General Fund	Court Operating Fund	Records Modern-ization Trust Fund	Total Govern-mental Funds
Assets				
Cash and equivalents	$ 163,337	$ 7,546	$ 47,462	$ 218,345
Due from other funds	36,974	23,418	2,520	62,912
Due from other governments	11,880	32,298	-	44,178
Total assets	$ 212,191	$ 63,262	$ 49,982	$ 325,435
Liabilities				
Accounts payable and accrued liabilities	$ 220	$ -	$ -	$ 220
Due to other funds	7,960	33,438	-	41,398
Due to other governments	-	29,824	-	29,824
Due to other county agencies	204,011	-	-	204,011
Total liabilities	212,191	63,262	-	275,453
Fund balances				
Restricted	-	-	49,982	49,982
Total liabilities and fund balances	$ 212,191	$ 63,262	$ 49,982	$ 325,435

See accompanying notes.

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended September 30, 2015

	General Fund	Court Operating Fund	Records Modern-ization Trust Fund	Total Govern-mental Funds
Revenues				
Intergovernmental revenues	$ 72,861	$ 254,521	$ -	$ 327,382
Charges for services	49,616	111,253	17,041	177,910
Fines and forfeitures	-	104,376	12,222	116,598
Miscellaneous revenue	-	162	25	187
Total revenues	122,477	470,312	29,288	622,077
Expenditures				
Current:				
General government	312,495	-	3,000	315,495
Court related	46,815	470,312	28,043	545,170
Total expenditures	359,310	470,312	31,043	860,665
Excess of revenues over (under) expenditures	(236,833)	-	(1,755)	(238,588)
Other financing sources (uses)				
Appropriations from board of county commissioners	440,754	-	-	440,754
Reversion to board of county commissioners	(203,921)	-	-	(203,921)
Total other financing sources (uses)	236,833	-	-	236,833
Net change in fund balances	-	-	(1,755)	(1,755)
Fund balances - October 1, 2014	-	-	51,737	51,737
Fund balances - September 30, 2015	$ -	$ -	$ 49,982	$ 49,982

See accompanying notes.

Dixie County Clerk of the Circuit Court

Statement of Fiduciary Net Position
September 30, 2015

	Agency Funds
Assets	
Cash and equivalents	$ 527,521
Liabilities	
Assets held for others	500,658
Due to other funds	21,514
Due to other county agencies	5,349
Total liabilities	527,521
Net position	$ -

See accompanying notes.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The Clerk of the Circuit Court is an elected constitutional officer, whose office is established by Article VIII of the Constitution of the State of Florida and is governed by various provisions of state law.

The Office is an integral part of Dixie County, which is the primary government for financial reporting purposes.

Basis of Presentation

The Office's financial statements are special purpose financial statements that have been prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida (the "Rules"). These special purpose financial statements are the fund financial statements required by generally accepted accounting principles. However, these fund financial statements do not constitute a complete presentation because, in conformity with the Rules, the Office has not presented reconciliations to the government-wide financial statements, the government-wide financial statements, or management's discussion and analysis. Also, certain notes to the financial statements may supplement rather than duplicate the notes included in the County's countywide financial statements.

Fund Accounting

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

The Office reports the following major governmental funds:

General Fund – The General Fund is the primary operating fund. It is used to account for and report all financial resources not accounted for and reported in another fund.

Court Operating Fund – The Court Operating Fund is used to account for court related activities funded by state appropriations and court-related fees and service charges.

Records Modernization Trust Fund – The Records Modernization Trust Fund is used to account for fees and fines collected and expenditures related to the upgrade and modernization of the official records of the County, and to fund court technology and other court-related expenditures.

Additionally, the Office reports the following fiduciary funds:

Agency Funds – Agency Funds are used to account for assets held in a custodial capacity.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus/Basis of Accounting

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

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, principal and interest on long-term liabilities are recognized when due.

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

Capital Assets and Long-Term Liabilities

Capital assets used by the Office are recorded and accounted for by the Dixie County Board of County Commissioners.

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

Cash and Equivalents

All cash and equivalents are 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 Chief Financial Officer eligible collateral equal to, or in excess of, an amount to be determined by the Chief Financial Officer. The Chief Financial Officer is required to ensure that all funds are entirely insured or collateralized throughout the fiscal year.

Fund Balance

The Office follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* to classify fund balances for governmental funds into specifically defined classifications. The classifications comprise a hierarchy based primarily on the extent to which the Office is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The fund balance classifications specified in GASB Statement No. 54 are as follows:

Nonspendable Fund Balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the Office's highest level of decision-making authority, which is a policy of the Office. Committed amounts cannot be used for any other purpose unless the Office removes those constraints by taking the same type of action.

Assigned Fund Balance – Assigned fund balances are amounts that are constrained by the Office's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the constitutional officer or (b) a body or official to which the constitutional officer has delegated the authority to assign amounts to be used for specific purposes.

Unassigned Fund Balance – Unassigned fund balance is the residual classification for the General Fund.

The Office's policy is to expend resources in the following order: restricted, committed, assigned and unassigned.

Deferred Outflows/Inflows of Resources

A *deferred outflow of resources* is a consumption of net assets that applies to a future reporting period.

A *deferred inflow of resources* is an acquisition of net assets that is applicable to a future reporting period.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System Pension Plan and Health Insurance Subsidy Program and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

NOTE 2 – FUND BALANCE CLASSIFICATIONS

Balances of reported fund balance at September 30, 2015 are as follows:

	Records Modernization Fund
Restricted for:	
Court operations	$ 2,518
Court technology	3,250
Records modernization	44,214
Totals	$ 49,982

NOTE 3 – INTERFUND BALANCES

At September 30, 2015, interfund balances consisted of:

	Due From			
Due To	General Fund	Court Operating Fund	Agency Funds	Total
General fund	$ -	$ 33,438	$ 3,536	$ 36,974
Court operating fund	7,960	-	15,458	23,418
Records modernization trust fund	-	-	2,520	2,520
Totals	$ 7,960	$ 33,438	$ 21,514	$ 62,912

NOTE 4 – CHANGES IN LONG-TERM LIABILITIES

A summary of changes in long-term liabilities follows:

	Balance October 1, 2014	Additions	Deductions	Balance September 30, 2015	Due Within One Year
Compensated absences	$ 26,000	$ 26,000	$ 30,000	$ 22,000	$ 10,000
Net pension liability	325,635	261,055	-	586,690	5,800
Total	$ 351,635	$ 287,055	$ 30,000	$ 608,690	$ 15,800

During 2015, the Office implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date.* As a result, a net pension liability is disclosed in the tabulation of changes in long-term liabilities presented above.

NOTE 5 – STATE OF FLORIDA PENSION PLANS

Defined Benefit Plans

The Office participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report may be obtained by writing to the Division of Retirement, PO Box 9000, Tallahassee, Florida, 32315-9000 or by calling (844) 377-1888.

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

NOTE 5 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

The Retiree Health Insurance Subsidy (HIS) Program 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. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided

Benefits under the FRS Pension 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.

Eligible retirees and beneficiaries receive 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.

Contributions

The contribution requirements of plan members and the Office are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS. The Office's contribution rates as of September 30, 2015, were as follows:

	FRS	HIS
Regular Class	5.60%	1.66%
Special Risk Class	20.38%	1.66%
Senior Management Service Class	19.77%	1.66%
Elected Officials	40.61%	1.66%
DROP from FRS	11.22%	1.66%

The Office's contributions for the year ended September 30, 2015, were $78,172 to the FRS and $6,344 to the HIS.

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2015, the Office reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2015, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2015. The Office's proportions of the net pension liabilities were

NOTE 5 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

based on the Office's share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	FRS	HIS
Net pension liability	$ 427,490	$ 159,200
Proportion at:		
Current measurement date	0.0033%	0.0016%
Prior measurement date	0.0029%	0.0016%
Pension expense (benefit)	$ 71,538	$ 10,388

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2015, 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	$ 45,130	$ 10,139	$ -	$ -
Changes of assumptions	28,374	-	12,525	-
Net difference between projected and actual earnings on pension plan investments	150,574	252,652	86	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	187,377	-	-	8,367
Employer contributions subsequent to the measurement date	16,414	-	1,775	-
Total	$ 427,869	$ 262,791	$ 14,386	$ 8,367

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2016. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

NOTE 5 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

Year ending September 30,	FRS	HIS
2016	$ 21,791	$ 692
2017	21,791	692
2018	21,791	692
2019	21,789	690
2020	47,310	670
Thereafter	14,192	808
Total	$ 148,664	$ 4,244

Actuarial Assumptions

The total pension liability for each of the defined benefit plans, measured as of June 30, 2015, was determined by an actuarial valuation dated July 1, 2015, using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.60%	2.60%
Salary increases	3.25%	3.25%
Investment rate of return	7.65%	N/A
Discount rate	7.65%	3.80%

Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB.

For both plans, the actuarial assumptions used in the valuation dated July 1, 2015 were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The following changes in key actuarial assumptions occurred in 2015:

FRS: No changes in key actuarial assumptions.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 4.29% to 3.80%.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class.

NOTE 5 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1%	3.2%	3.1%
Fixed income	18%	4.8%	4.7%
Global equity	53%	8.5%	7.2%
Real estate (property)	10%	6.8%	6.2%
Private equity	6%	11.9%	8.2%
Strategic investments	12%	6.7%	6.1%
	100%		

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 7.65%. FRS' 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 the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.80% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the Office's proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

	FRS			HIS		
	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)	1% Decrease (2.80%)	Current Discount Rate (3.80%)	1% Increase (4.80%)
Employer's proportionate share of the net pension liability	$ 1,107,723	$ 427,490	$ (138,576)	$ 181,401	$ 159,200	$ 140,688

NOTE 5 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

Pension Plans' Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position is available in the State's separately issued financial reports.

Defined Contribution Plan

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan ("FRS Investment Plan"), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. Required employer contributions made to the plan during the year ended September 30, 2015, totaled $1,745.

NOTE 6 – CONTINGENCIES

The Office is, during the course of normal operations, involved in various legal claims. It is the opinion of legal counsel that the outcomes of these claims cannot be estimated at this time. Management believes that any uninsured claims would not be material in relation to the Office's financial condition.

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – General Fund
Year ended September 30, 2015

	Budgeted Amounts			Variance With Final
	Original	Final	Actual	Budget
Revenues				
Intergovernmental revenues	$ 51,622	$ 72,864	$ 72,861	$ (3)
Charges for services	53,000	53,000	49,616	(3,384)
Total revenues	104,622	125,864	122,477	(3,387)
Expenditures				
Current:				
General government	353,754	493,754	312,495	181,259
Court related	51,622	72,864	46,815	26,049
Total expenditures	405,376	566,618	359,310	207,308
Excess of revenues over (under) expenditures	(300,754)	(440,754)	(236,833)	203,921
Other financing sources (uses)				
Appropriation from board of county commissioners	300,754	440,754	440,754	-
Reversion to board of county commissioners	-	-	(203,921)	(203,921)
Total other financing sources (uses)	300,754	440,754	236,833	(203,921)
Net change in fund balances	-	-	-	-
Fund balances - October 1, 2014	-	-	-	-
Fund balances - September 30, 2015	$ -	$ -	$ -	$ -

Notes to Schedule:

The budget is prepared on a basis that does not differ materially from generally accepted accounting principles. Its preparation, adoption, and amendment is governed by Florida Statutes. The fund is the legal level of control.

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – Court Operating Fund
Year ended September 30, 2015

	Budgeted Amounts			Variance With Final
	Original	Final	Actual	Budget
Revenues				
Intergovernmental revenue	$ 253,131	$ 225,209	$ 254,521	$ 29,312
Charges for services	102,000	104,928	111,253	6,325
Fines and forfeitures	140,000	140,000	104,376	(35,624)
Miscellaneous revenue	250	250	162	(88)
Total revenues	495,381	470,387	470,312	(75)
Expenditures				
Current:				
Court related	495,381	470,387	470,312	75
Excess of revenues over (under) expenditures	-	-	-	-
Fund balances - October 1, 2014	-	-	-	-
Fund balances - September 30, 2015	$ -	$ -	$ -	$ -

Notes to Schedule:

The budget is prepared on a basis that does not differ materially from generally accepted accounting principles. Its preparation, adoption, and amendment is governed by Florida Statutes. Pursuant to Section 28.36, Florida Statutes, the budget is subject to the General Appropriations Act of the Florida Legislature. The State of Florida releases this appropriation on a monthly basis. The fund is the legal level of control.

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – Records Modernization Trust Fund
Year ended September 30, 2015

	Budgeted Amounts			Variance With Final
	Original	Final	Actual	Budget
Revenues				
Charges for services	$ 19,500	$ 19,500	$ 17,041	$ (2,459)
Fines and forfeitures	16,200	16,200	12,222	(3,978)
Miscellaneous revenue	58	58	25	(33)
Total revenues	35,758	35,758	29,288	(6,470)
Expenditures				
Current:				
General government	51,051	51,051	3,000	48,051
Court related	44,107	44,107	28,043	16,064
Total expenditures	95,158	95,158	31,043	64,115
Excess of revenues over (under) expenditures	(59,400)	(59,400)	(1,755)	57,645
Fund balances - October 1, 2014	59,400	59,400	51,737	(7,663)
Fund balances - September 30, 2015	$ -	$ -	$ 49,982	$ 49,982

Notes to Schedule:

The budget is prepared on a basis that does not differ materially from generally accepted accounting principles. Its preparation, adoption, and amendment is governed by Florida Statutes. The fund is the legal level of control.

Dixie County Clerk of the Circuit Court

Schedules of Proportionate Share of Net Pension Liability
Last 10 Fiscal Years (1)

Florida Retirement System		2015
Employer's proportion of the net pension liability (asset)		0.0033%
Employer's proportionate share of the net pension liability (asset)	$	427,490
Employer's covered-employee payroll (2)	$	473,589
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		90.27%
Plan fiduciary net position as a percentage of the total pension liability		92.00%

Health Insurance Subsidy Program		2015
Employer's proportion of the net pension liability (asset)		0.0016%
Employer's proportionate share of the net pension liability (asset)	$	159,200
Employer's covered-employee payroll (2)	$	473,589
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		33.62%
Plan fiduciary net position as a percentage of the total pension liability		0.50%

Notes to schedules:

(1) The amounts presented for each fiscal year were determined as of the measurement date, which was June 30th of the current fiscal year.

(2) Covered-employee payroll includes defined benefit plan actives, investment plan members, and members in DROP.

GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

Dixie County Clerk of the Circuit Court

Schedules of Employer Contributions
Last 10 Fiscal Years

Florida Retirement System		2015
Contractually required contribution	$	78,172
Contributions in relation to the contractually required contribution		78,172
Contribution deficiency (excess)	$	-
Employer's covered-employee payroll (1)	$	469,569
Contributions as a percentage of covered-employee payroll		16.65%

Health Insurance Subsidy Program		2015
Contractually required contribution	$	6,344
Contributions in relation to the contractually required contribution		6,344
Contribution deficiency (excess)	$	-
Employer's covered-employee payroll (1)	$	469,569
Contributions as a percentage of covered-employee payroll		1.35%

Notes to schedules:
(1) Covered-employee payroll includes defined benefit plan actives, investment plan members, and members in DROP.

GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

Supplementary Information

Combining Statement of Fiduciary Net Position
Agency Funds
September 30, 2015

	General Agency Trust Fund	Domestic Relations Fund	Traffic Fund	Court Fund	Registry of Court Fund
Assets					
Cash and equivalents	$ 62,228	$ 347	$ 24,178	$ 2,277	$ 106,159
Liabilities					
Assets held for others	49,037	347	10,506	2,277	106,159
Due to other funds	11,949	-	9,565	-	-
Due to other county agencies	1,242	-	4,107	-	-
Total liabilities	62,228	347	24,178	2,277	106,159
Net position	$ -	$ -	$ -	$ -	$ -

Combining Statement of Fiduciary Net Position
Agency Funds
September 30, 2015

	Witness Payroll Fund	Bond Fund	Tax Deed Fund	Total Agency Funds
Assets				
Cash and equivalents	$ 669	$ 43,889	$ 287,774	$ 527,521
Liabilities				
Assets held for others	669	43,889	287,774	500,658
Due to other funds	-	-	-	21,514
Due to other county agencies	-	-	-	5,349
Total liabilities	669	43,889	287,774	527,521
Net position	$ -	$ -	$ -	$ -

Additional Elements Required by the Rules of the Auditor General

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MANAGEMENT LETTER

The Honorable Dana Johnson
Clerk of the Circuit Court
Dixie County, Florida

We have audited the financial statements of the office of the Dixie County Clerk of the Circuit Court (the "Office"), as of and for the year ended September 30, 2015, and have issued our report thereon dated July 29, 2016. That report should be considered in conjunction with this management letter.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

Prior Audit Findings

The Rules of the Auditor General require that we comment as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding audit. If the audit findings in the preceding audit are uncorrected, we are required to identify those findings that were also included in the second preceding audit report. These requirements of the Rules of the Auditor General are addressed in the schedule of findings that accompanies this letter.

Other Matters

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

The purpose of this management letter is solely to comply with the requirements of Chapter 10.550, Rules of the Auditor General. Accordingly, this communication is not suitable for any other purpose.

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

Carr, Riggs & Ingram, L.L.C

Gainesville, Florida
July 29, 2016

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INDEPENDENT AUDITOR'S 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 Dana Johnson
Clerk of the Circuit Court
Dixie County, Florida

We have audited, in accordance with the 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 each major fund and the aggregate remaining fund information of the office of the Dixie County Clerk of the Circuit Court (the "Office"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Office's special purpose financial statements, and have issued our report thereon dated July 29, 2016.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings as items 2015-001 through 2015-004 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Office'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*.

The Office's Response to Findings

The Office's response to the findings identified in our audit is described in its accompanying letter of response. The Office's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Carr, Riggs & Ingram, L.L.C.

Gainesville, Florida
July 29, 2016

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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

The Honorable Dana Johnson
Clerk of the Circuit Court
Dixie County, Florida

We have examined the office of the Dixie County Clerk of the Circuit Court's (the "Office") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2015. Management is responsible for the Office's compliance with those requirements. Our responsibility is to express an opinion on the Office's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Office'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 Office's compliance with specified requirements.

In our opinion, the Office complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

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

Carr, Riggs & Ingram, L.L.C.

Gainesville, Florida
July 29, 2016

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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTIONS 28.35 AND 28.36, FLORIDA STATUTES

The Honorable Dana Johnson
Clerk of the Circuit Court
Dixie County, Florida

We have examined the office of the Dixie County Clerk of the Circuit Court's (the "Office") compliance with the requirements of Section 28.35, Florida Statutes, *Florida Clerks of Court Operations Corporation,* and Section 28.36, Florida Statutes, *Budget Procedure*, during the year ended September 30, 2015. Management is responsible for the Office's compliance with those requirements. Our responsibility is to express an opinion on the Office's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Office'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 Office's compliance with specified requirements.

In our opinion, the Office complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015. However, we did note an immaterial instance of noncompliance as reported in the schedule of findings as item 2015-005.

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

Carr, Riggs & Ingram, L.L.C.

Gainesville, Florida
July 29, 2016

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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 61.181, FLORIDA STATUTES

The Honorable Dana Johnson
Clerk of the Circuit Court
Dixie County, Florida

We have examined the office of the Dixie County Clerk of the Circuit Court's compliance with the requirements of Section 61.181, Florida Statutes, *Depository for Alimony Transactions, Support, Maintenance, and Support*, *Payments; Fees,* during the year ended September 30, 2015. Management is responsible for the Office's compliance with those requirements. Our responsibility is to express an opinion on the Office's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Office'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 Office's compliance with specified requirements.

In our opinion, the Office complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

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

Carr, Riggs & Ingram, L.L.C

Gainesville, Florida
July 29, 2016

Schedule of Findings

2015-001 (Reported in the preceding audit reports as items 2014-001 and 2013-001.)

Condition — The Office does not have adequate segregation of duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. Consequently, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected.

Recommendation — Where possible, the Office should provide compensating controls. For example, someone independent of the receipts and disbursement functions should perform bank reconciliations.

2015-002 (Reported in the preceding audit reports as items 2014-002 and 2013-002.)

Condition — The Registry Fund has several individual balances that relate to cases that have been inactive or have been adjudicated for more than five years.

Recommendation — Pursuant to Section 43.19, Florida Statutes, the Office should evaluate Registry balances and work with the judge as to the final disposition of each case.

2015-003 (Reported on in the preceding audit reports as items 2014-003 and 2013-003.)

Condition — The Office's subsidiary ledgers for its Registry Fund, Cash Bonds Fund and the Tax Deed Fund were improved during the year but still do not reconcile to the amount of cash on deposit in the bank. This condition can lead to improper distribution of funds.

Recommendation — The Office should continue its efforts to identify funds held in custodial capacity as to individual depositors and cases and consult with legal counsel as to the disposition of any unidentified funds.

2015-004 (Reported in the preceding audit reports as items 2014-004 and 2013-004.)

Condition — As part of the audit process, it was necessary for us to assist with the preparation of your financial statements.

Recommendation — We recommend that you consider and evaluate the cost and benefits of improving internal controls relative to the financial reporting process.

Schedule of Findings

2015-005

Condition — Section 28.35(2)(d), Florida Statutes requires the Florida Clerks of Court Operations Corporation to develop workload measures and workload performance standards and for the Clerks of Courts to report on such measures. We noted that the Office did not meet the workload performance standard for collections in Civil Traffic as defined by the membership of the Florida Clerks of Court Operations Corporation. Additionally, Juvenile Delinquency and County Civil cases were not opened within the number of business days established by the corporation.

Recommendation — The Office should continue to pursue collection efforts in order to comply with established workload performance standards, and to evaluate Office procedures in order to achieve the timeliness performance standards.

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Dana D. Johnson
Clerk of the Circuit Court

DIXIE COUNTY
P. O. Box 1206
Cross City, FL 32628-1206

July 29, 2016

Honorable Sherrill F. Norman
Auditor General, State of Florida
G74 Claude Pepper Building
111 West Madison Street
Tallahassee, FL 32399-1450

INRE: RESPONSE TO AUDIT OF THE DIXIE COUNTY CLERK OF COURT FOR THE FISCAL PERIOD ENDING SEPTEMBER 30, 2015.

Dear Ms. Norman:

As Clerk of the Circuit Court of Dixie County, Florida, I hereby submit my response to the above referenced audit as prepared by the firm of Carr, Riggs and Ingram, P.O. Box 13442, Gainesville, FL 32604.

SCHEDULE OF FINDINGS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015
DIXIE COUNTY CLERK OF THE CIRCUIT COURT

2015-001 (Reported in the preceding audit reports as items 2014-001 and 2013-001.)

Condition – The Office does not have adequate segregation of duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. Consequently, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected.

Recommendation – Where possible, the Office should provide compensating controls. For example, someone independent of the receipts and disbursement functions should perform bank reconciliations.

Response to 2015-001 –We are restructuring the office to incorporate an employee into the processing of disbursements who will not be associated with bank reconciliations. We began the moving process, however for reasons beyond our control, that has not been accomplished. We are diligently working toward that goal. Being a small county and with employees having multiple responsibilities, it is difficult to segregate duties effectively.

2015-002 (Reported in the preceding audit reports as items 2014-002 and 2013-002.)

Condition – The Registry Fund has several individual balances that relate to cases that have been inactive or have been adjudicated for more than five years.

Recommendation – Pursuant to Section 43.19, Florida Statutes, the Office should evaluate Registry balances and work with the judge as to the final disposition of each case.

Response to 2015-002 –We have determined the amounts to be disposed and currently working with an attorney to disburse those funds.

2015-003 (Reported in the preceding audit report as items 2014-003 and 2013-003.)

Condition – The Office's subsidiary ledgers for its Registry Fund, Cash Bonds Fund and the Tax Deed Fund were improved during the year but still do not reconcile to the amount of cash on deposit in the bank. This condition can lead to improper distribution of funds.

Recommendation – The Office should continue its efforts to identify funds held in custodial capacity as to individual depositors and cases and consult with legal counsel as to the disposition of any unidentified funds.

Response to 2015-003 – We are inquiring about software to manage the subsidiary ledgers for the Registry Fund, Cash Bonds Fund and the Tax Deed Fund.

2015-004 (Reported in the preceding audit reports as items 2014-004 and 2013-004.)

Condition – As part of the audit process, it was necessary for us to assist with the preparation of your financial statements.

Recommendation – We recommend that you consider and evaluate the cost and benefits of improving internal controls relative to the financial reporting process.

Response to 2015-004 – We have evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in our best interest to outsource this task to our independent auditors.

2015-005 **Condition** – Section 28.35(2)(d), Florida Statutes requires the Florida Clerks of Court Operations Corporation to develop workload measures and workload performance standards and for the Clerks of Courts to report on such measures. We noted that the Office did not meet the workload performance standard for collections in Civil Traffic as defined by the membership of the Florida Clerks of Court Operations Corporation. Additionally, Juvenile Delinquency and County Civil cases were not opened within the number of business days established by the corporation.

Recommendation – The Office should continue to pursue collection efforts in order to comply with established workload performance standards, and to evaluate Office procedures in order to achieve the timeliness performance standards.

Response to 2015-005 - We already utilize a collection agency for collections and are suspending the driver's licenses. Additionally, Juvenile Delinquency and County Civil cases have been given to another deputy clerk who is opening the cases within the established business days.

Sincerely,

Dana D. Johnson

Dana D. Johnson
Clerk of the Circuit Court
Dixie County

Dixie County Sheriff

Audit Report

September 30, 2015

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September 30, 2015

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The Honorable Dewey Hatcher
Sheriff
Dixie County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the office of the Dixie County Sheriff (the "Office") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Office's special purpose 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.

Auditor's 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.

Basis for Qualified Opinion on the General Fund

We were unable to obtain sufficient appropriate audit evidence to support the cash balance at year-end and the accuracy of expenditures of the General Fund due to inadequate documentation and accounting records.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion on the General Fund paragraph, the financial statements of the General Fund present fairly, in all material respects, the financial position as of September 30, 2015, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Inmate Welfare Fund and the aggregate remaining fund information of the Office as of September 30, 2015, and the respective changes in financial position, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

We draw attention to Note 1 to the financial statements, which describes that the accompanying financial statements 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 special purpose financial statements that do not constitute a complete presentation, but otherwise constitute financial statements prepared in accordance with generally accepted accounting principles. Our opinions are not modified with respect to this matter.

We also draw attention to Note 3 to the financial statements, which indicates that the Office disclosed a net pension liability as a result of implementing GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date.* Our opinions are 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 and pension trend information be presented to supplement the special purpose financial statements. Such information, although not a part of the special purpose financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the special purpose financial statements in an appropriate operational, economic, or historical context. We were unable to apply certain limited procedures to the budgetary comparison of the General Fund in accordance with auditing standards generally accepted in the United States of America because of the inadequacy of the accounting records of the General Fund. We have applied certain limited procedures to the pension trend 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 special purpose financial statements, and other knowledge we obtained during our audit of the special purpose 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 budgetary comparison information for the Inmate Welfare Fund, a major special revenue fund, that accounting principles generally accepted in the United States of America require to be presented to supplement the special purpose financial statements. Such missing information, although not a part of the special purpose financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the special purpose financial statements in an appropriate operational, economic, or historical context. Our opinions on the special purpose financial statements are 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 the Office's special purpose financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the special purpose financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the special purpose financial statements. The information has been subjected to the auditing procedures applied in the audit of the special purpose financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special purpose financial statements or to the special purpose financial statements themselves, and other additional procedures in accordance with auditing standards

generally accepted in the United States of America. In our opinion, except for the effects on the supplementary information of the inadequacy of the General Fund accounting records, as referenced in the Basis for Qualified Opinion on the General Fund paragraph, the information is fairly stated in all material respects in relation to the special purpose financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 2, 2016, on our consideration of the Office's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Office's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Gainesville, Florida
August 2, 2016

Balance Sheet – Governmental Funds
September 30, 2015

	General Fund	Inmate Welfare Fund	Total Governmental Funds
Assets			
Cash and equivalents	$ -	$ 106,737	$ 106,737
Accounts receivable	-	4,229	4,229
Due from other funds	20,025	-	20,025
Total assets	$ 20,025	$ 110,966	$ 130,991
Liabilities and fund balances			
Liabilities:			
Cash overdraft	$ 42,210	$ -	$ 42,210
Due to other county agencies	2,536	-	2,536
Due to other funds	-	20,025	20,025
Total liabilities	44,746	20,025	64,771
Fund balances:			
Assigned for inmate benefits	-	90,941	90,941
Unassigned	(24,721)	-	(24,721)
Total fund balances	(24,721)	90,941	66,220
Total liabilities and fund balances	$ 20,025	$ 110,966	$ 130,991

See accompanying notes.

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended September 30, 2015

	General Fund	Inmate Welfare Fund	Total Governmental Funds
Revenues			
Intergovernmental revenue	$ 34,200	$ -	$ 34,200
Miscellaneous revenue	54,434	48,410	102,844
Total revenues	88,634	48,410	137,044
Expenditures			
Current:			
Public safety	4,011,749	68,516	4,080,265
Human services	83,602	-	83,602
Court related	48,537	-	48,537
Debt service:			
Principal	160,684	-	160,684
Interest	14,646	-	14,646
Total expenditures	4,319,218	68,516	4,387,734
Excess of revenues over (under) expenditures	(4,230,584)	(20,106)	(4,250,690)
Other financing sources (uses)			
Appropriation from board of county commissioners	4,211,570	-	4,211,570
Net change in fund balances	(19,014)	(20,106)	(39,120)
Fund balances - October 1, 2014	(5,707)	111,047	105,340
Fund balances - September 30, 2015	$ (24,721)	$ 90,941	$ 66,220

See accompanying notes.

Dixie County Sheriff

Statement of Fiduciary Net Position
September 30, 2015

	Agency Funds
Assets	
Cash and equivalents	$ 58,453
Liabilities	
Assets held for others	54,156
Due to other county agencies	4,297
Total liabilities	58,453
Net position	$ -

See accompanying notes.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The Sheriff is an elected constitutional officer, whose office is established by Article VIII of the Constitution of the State of Florida and is governed by various provisions of state law.

The Office is an integral part of Dixie County, which is the primary government for financial reporting purposes.

Basis of Presentation

The Office's financial statements are special purpose financial statements that have been prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida (the "Rules"). These special purpose financial statements are the fund financial statements required by generally accepted accounting principles. However, these fund financial statements do not constitute a complete presentation because, in conformity with the Rules, the Office has not presented reconciliations to the government-wide financial statements, the government-wide financial statements, or management's discussion and analysis. Also, certain notes to the financial statements may supplement rather than duplicate the notes included in the County's countywide financial statements.

Fund Accounting

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

The Office reports the following major governmental funds:

General Fund – The General Fund is the primary operating fund. It is used to account for and report all financial resources not accounted for and reported in another fund.

Inmate Welfare Fund – The Inmate Welfare Fund accounts for and reports the Commissary operations of the County's detention facility. Revenues are provided by sales of products to inmates. The profits can only be spent for the benefit of the inmates.

The Office also reports the following fiduciary funds:

Agency Funds – Agency Funds are used to account for assets held in a custodial capacity.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance

The Office follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* to classify fund balances for governmental funds into specifically defined classifications. The classifications comprise a hierarchy based primarily on the extent to which the Office is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

The fund balance classifications specified in GASB Statement No. 54 are as follows:

Nonspendable Fund Balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the Office's highest level of decision-making authority, which is a policy of the Office. Committed amounts cannot be used for any other purpose unless the Office removes those constraints by taking the same type of action.

Assigned Fund Balance – Assigned fund balances are amounts that are constrained by the Office's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the constitutional officer or (b) a body or official to which the constitutional officer has delegated the authority to assign amounts to be used for specific purposes.

Unassigned Fund Balance – Unassigned fund balance is the residual classification for the General Fund.

The Office's policy is to expend resources in the following order: restricted, committed, assigned, and unassigned.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, principal and interest on long-term debt are recognized when due.

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

Cash and Equivalents

Cash and equivalents consist of deposits 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 Chief Financial Officer eligible collateral equal to, or in excess of, an amount to be determined by the Chief Financial Officer. The Chief Financial Officer is required to ensure that all funds are entirely insured or collateralized throughout the fiscal year.

Capital Assets and Long-Term Liabilities

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

The Office defines capital assets as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of one year. Capital 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 has been provided using the straight-line method over the following estimated useful lives:

Furniture and equipment	5 years
Vehicles	5 years

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System Pension Plan and Health Insurance Subsidy Program and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

A *deferred outflow of resources* is a consumption of net assets that is applicable to a future reporting period.

A *deferred inflow of resources* is an acquisition of net assets that is applicable to a future reporting period.

NOTE 2 – CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance October 1, 2014	Increases	Decreases	Balance September 30, 2015
Capital assets, being depreciated:				
Vehicles	$ 1,080,532	$ 75,224	$ 163,908	$ 991,848
Furniture and equipment	119,510	-	-	119,510
Assets under capital lease	483,592	-	-	483,592
Total capital assets, being depreciated	1,683,634	75,224	163,908	1,594,950
Less accumulated depreciation for:				
Vehicles	876,602	106,434	163,363	819,673
Furniture and equipment	107,158	6,176	-	113,334
Assets under capital lease	71,960	96,718	-	168,678
Total accumulated depreciation	1,055,720	209,328	163,363	1,101,685
Total capital assets, net	$ 627,914	$ (134,104)	$ 545	$ 493,265

Depreciation expense of $209,328 applies to the public safety function.

NOTE 3 – CHANGES IN LONG-TERM DEBT

A summary of changes in long-term debt follows:

	Balance October 1, 2014	Additions	Deductions	Balance September 30, 2015	Due Within One Year
Compensated absences	$ 71,000	$ 152,000	$ 145,000	$ 78,000	$ 78,000
Capital lease obligations	352,098	-	160,684	191,414	141,125
Net pension liability	1,663,891	1,104,756	-	2,768,647	31,700
Total	$ 2,086,989	$ 1,256,756	$ 305,684	$ 3,038,061	$ 250,825

NOTE 3 – CHANGES IN LONG-TERM DEBT (CONTINUED)

During 2015, the Office implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. As a result, a net pension liability is disclosed in the tabulation of changes in long-term liabilities presented above.

NOTE 4 – CAPITAL LEASES

The Office has several vehicles under capital lease. Payments are due quarterly with interest rates ranging from 5.45% to 5.70%. Future payments are as follows:

	Amount
2016	$ 148,453
2017	51,666
	200,119
Less interest	8,705
Total principal	$ 191,414

NOTE 5 – STATE OF FLORIDA PENSION PLANS

Defined Benefit Plans

The Office participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report may be obtained by writing to the Division of Retirement, PO Box 9000, Tallahassee, Florida, 32315-9000 or by calling (844) 377-1888.

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

NOTE 5 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

The Retiree Health Insurance Subsidy (HIS) Program 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. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided

Benefits under the FRS Pension 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.

Eligible retirees and beneficiaries receive 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.

Contributions

The contribution requirements of plan members and the Office are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS. The Office's contribution rates as of September 30, 2015, were as follows:

	FRS	HIS
Regular Class	5.60%	1.66%
Special Risk Class	20.38%	1.66%
Senior Management Service Class	19.77%	1.66%
Elected Officials	40.61%	1.66%
DROP from FRS	11.22%	1.66%

The Office's contributions for the year ended September 30, 2015, were $366,628 to the FRS and $34,560 to the HIS.

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2015, the Office reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2015, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2015. The Office's proportions of the net pension liabilities were based on the Office's share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

NOTE 5 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

	FRS	HIS
Net pension liability	$ 1,906,465	$ 862,182
Proportion at:		
Current measurement date	0.0148%	0.0085%
Prior measurement date	0.0144%	0.0084%
Pension expense (benefit)	$ 85,655	$ 65,544

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2015, 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	$ 201,266	$ 45,216	$ -	$ -
Changes of assumptions	126,538	-	67,831	-
Net difference between projected and actual earnings on pension plan investments	671,510	1,126,742	467	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	48,258	256,930	7,455	-
Employer contributions subsequent to the measurement date	90,775	-	9,787	-
Total	$ 1,138,347	$ 1,428,888	$ 85,540	$ -

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2016. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending September 30,	FRS	HIS
2016	$ (99,861)	$ 12,260
2017	(99,861)	12,260
2018	(99,861)	12,260
2019	(99,861)	12,259
2020	13,947	12,143
Thereafter	4,181	14,571
Total	$ (381,316)	$ 75,753

NOTE 5 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

Actuarial Assumptions

The total pension liability for each of the defined benefit plans, measured as of June 30, 2015, was determined by an actuarial valuation dated July 1, 2015, using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.60%	2.60%
Salary increases	3.25%	3.25%
Investment rate of return	7.65%	N/A
Discount rate	7.65%	3.80%

Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB.

For both plans, the actuarial assumptions used in the valuation dated July 1, 2015 were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The following changes in key actuarial assumptions occurred in 2015:

FRS: No changes in key actuarial assumptions.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 4.29% to 3.80%.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class.

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1%	3.2%	3.1%
Fixed income	18%	4.8%	4.7%
Global equity	53%	8.5%	7.2%
Real estate (property)	10%	6.8%	6.2%
Private equity	6%	11.9%	8.2%
Strategic investments	12%	6.7%	6.1%
	100%		

NOTE 5 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 7.65%. FRS' 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 the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.80% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the Office's proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

	FRS			HIS		
	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)	1% Decrease (2.80%)	Current Discount Rate (3.80%)	1% Increase (4.80%)
Employer's proportionate share of the net pension liability	$ 4,940,081	$ 1,906,465	$ (618,003)	$ 982,416	$ 862,182	$ 761,924

Pension Plans' Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position is available in the State's separately issued financial reports.

Defined Contribution Plan

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan ("FRS Investment Plan"), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. Required employer contributions made to the plan during the year ended September 30, 2015, totaled $50,773.

NOTE 6 – RISK MANAGEMENT

The Office participates in the Florida Sheriff's Risk Management Fund for risk related to professional law enforcement liability. Aggregate coverage is two million dollars. The Office had no settlements that exceeded coverage in the last two years. The Office also participates in the Florida Sheriff's Association Vehicle Risk Management Program for risk related to its automobile fleet, and participates in the Board of County Commissioners' group health insurance.

NOTE 7 – BUDGET OVEREXPENDITURES AND DEFICIT FUND BALANCE

Generally accepted accounting principles require the Office to disclose significant budget overexpenditures and deficit fund balances. According to the accounting records of the General Fund, which were not adequately maintained, the Office over expended its budget by approximately $112,000 and incurred expenditures in excess of available resources of approximately $25,000.

NOTE 8 – FINANCE-RELATED LEGAL PROVISIONS

Generally accepted accounting principles stipulate that the Office should disclose significant violations of finance-related legal or contractual provisions. In that regard, the Office violated the provisions of Section 218.33, Florida Statutes, which requires the Office to follow uniform accounting policies and procedures as promulgated by the Department of Financial Services to assure the use of proper accounting and fiscal management. The Office also violated various provisions of Chapter 30, Florida Statutes, requiring its financial management responsibilities.

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – General Fund
Year ended September 30, 2015

	Budgeted Amounts			Variance With Final
	Original	Final	Actual	Budget
Revenues				
Intergovernmental revenue	$ -	$ -	$ 34,200	$ 34,200
Miscellaneous revenue	-	-	54,434	54,434
Total revenues	-	-	88,634	88,634
Expenditures				
Current:				
Public safety	4,577,118.00	3,907,186.00	4,011,749	(104,563)
Human services	131,502.00	75,753.00	83,602	(7,849)
Court related	-	48,537	48,537	-
Debt service:				
Principal	-	160,684	160,684	-
Interest	-	14,646	14,646	-
Total expenditures	4,708,620	4,206,806	4,319,218	(112,412)
Excess of revenues over (under) expenditures	(4,708,620)	(4,206,806)	(4,230,584)	(23,778)
Other financing sources (uses)				
Appropriation from board of county commissioners	4,708,620	4,206,806	4,211,570	4,764
Net change in fund balances	-	-	(19,014)	(19,014)
Fund balances - October 1, 2014	-	-	(5,707)	(5,707)
Fund balances - September 30, 2015	$ -	$ -	$ (24,721)	$ (24,721)

Notes to Schedule:

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

Schedules of Proportionate Share of Net Pension Liability
Last 10 Fiscal Years (1)

Florida Retirement System		2015
Employer's proportion of the net pension liability (asset)		0.0148%
Employer's proportionate share of the net pension liability (asset)	$	1,906,465
Employer's covered-employee payroll (2)	$	2,565,054
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		74.32%
Plan fiduciary net position as a percentage of the total pension liability		92.00%

Health Insurance Subsidy Program		2015
Employer's proportion of the net pension liability (asset)		0.0085%
Employer's proportionate share of the net pension liability (asset)	$	862,182
Employer's covered-employee payroll (2)	$	2,565,054
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		33.61%
Plan fiduciary net position as a percentage of the total pension liability		0.50%

Notes to schedules:

(1) The amounts presented for each fiscal year were determined as of the measurement date, which was June 30th of the current fiscal year.

(2) Covered-employee payroll includes defined benefit plan actives, investment plan members, and members in DROP.

GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

Schedules of Employer Contributions
Last 10 Fiscal Years

Florida Retirement System	2015
Contractually required contribution	$ 366,628
Contributions in relation to the contractually required contribution	366,628
Contribution deficiency (excess)	$ -
Employer's covered-employee payroll (1)	$ 2,556,021
Contributions as a percentage of covered-employee payroll	14.34%

Health Insurance Subsidy Program	2015
Contractually required contribution	$ 34,560
Contributions in relation to the contractually required contribution	34,560
Contribution deficiency (excess)	$ -
Employer's covered-employee payroll (1)	$ 2,556,021
Contributions as a percentage of covered-employee payroll	1.35%

Notes to schedules:
(1) Covered-employee payroll includes defined benefit plan actives, investment plan members, and members in DROP.

GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

Supplementary Information

Combining Statement of Fiduciary Net Position
Agency Funds
September 30, 2015

	Individual Deposits Fund	Cash Bonds Fund	Inmate Trust Fund	Total Agency Funds
Assets				
Cash and equivalents	$ 50,327	$ 228	$ 7,898	$ 58,453
Liabilities				
Assets held for others	48,237	228	5,691	54,156
Due to other county agencies	2,090	-	2,207	4,297
Total liabilities	50,327	228	7,898	58,453
Net position	$ -	$ -	$ -	$ -

Additional Elements Required by the Rules of the Auditor General

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MANAGEMENT LETTER

The Honorable Dewey Hatcher
Sheriff
Dixie County, Florida

We have audited the financial statements of the office of the Dixie County Sheriff (the "Office"), as of and for the year ended September 30, 2015, and have issued our report thereon dated August 2, 2016. That report should be considered in conjunction with this management letter.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

Prior Audit Findings

The Rules of the Auditor General require that we comment as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding audit. If the audit findings in the preceding audit are uncorrected, we are required to identify those findings that were also included in the second preceding audit report. These requirements of the Rules of the Auditor General are addressed in the schedule of findings that accompanies this letter. Prior year finding 2014-007 was corrected.

Other Matters

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

The purpose of this management letter is solely to comply with the requirements of Chapter 10.550, Rules of the Auditor General. Accordingly, this communication is not suitable for any other purpose.

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

Carr, Riggs & Ingram, L.L.C.

Gainesville, Florida
August 2, 2016

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INDEPENDENT AUDITOR'S 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 Dewey Hatcher
Sheriff
Dixie County, Florida

We have audited, in accordance with the 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 each major fund and the aggregate remaining fund information of the office of the Dixie County Sheriff (the "Office"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Office's special purpose financial statements, and have issued our report thereon dated August 2, 2016. Our report on the financial statements included a qualified opinion on the General Fund because of the Office's failure to maintain adequate accounting records.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings as items 2015-001 through 2015-007 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Office'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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings as item 2015-008.

The Office's Response to Findings

The Office's response to the findings identified in our audit is described in its accompanying letter of response. The Office's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Carr, Riggs & Ingram, L.L.C.

Gainesville, Florida
August 2, 2016

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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

The Honorable Dewey Hatcher
Sheriff
Dixie County, Florida

We have examined the office of the Dixie County Sheriff's (the "Office") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2015. Management is responsible for the Office's compliance with those requirements. Our responsibility is to express an opinion on the Office's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Office'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 Office's compliance with specified requirements.

In our opinion, the Office complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

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

Carr, Riggs & Ingram, L.L.C.

Gainesville, Florida
August 2, 2016

Schedule of Findings

2015-001 (Reported in preceding audit reports as items 2014-001 and 2013-001.)

Finding – Certain employees who record cash transactions in the accounting records also have access to cash collections and perform bank reconciliations. As a result of this lack of separation of duties, the possibility exists that intentional or unintentional errors could occur without being promptly detected.

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

2015-002 (Reported in preceding audit reports as items 2014-002 and 2013-002.)

Finding – The bank balance of the Inmate Trust Fund is not in agreement with the accounting records. Currently, resources of the fund exceed known liabilities; additionally, we noted that amounts due to the board of county commissioners are not remitted timely.

Recommendation – The Office should take steps to correct the Inmate Trust Fund's differences between reconciled cash and amounts recorded, additionally, all moneys owed to the board of county commissioners should be distributed monthly.

2015-003 (Reported in preceding audit reports as items 2014-003 and 2013-003.)

Finding – As part of the audit process, we proposed material adjustments to the Office's financial statements, which were accepted by management. It was also necessary for us to assist in the preparation of the Office's financial statements.

Recommendation – We recommend that you consider and evaluate the cost and benefits of improving internal controls relative to the financial reporting process.

2015-004 (Reported in preceding audit report as item 2014-004.)

Finding – The bank account of the Office's General Fund is not reconciled to the general ledger in a timely manner. Additionally, the bank reconciliation of the Individual Depositors' and Cash Bonds Funds were not in agreement with their respective subsidiary ledgers. This condition may lead to errors in recording receipts and/or disbursements of the Office that may not be detected timely.

Recommendation – The bank accounts of the Office's funds should be reconciled to the general ledger in a timely manner and all discrepancies between cash balances and subsidiary ledgers should be investigated and resolved timely.

2015-005 (Reported in preceding audit report as item 2014-005.)

Finding – The Office did not post cash receipts and disbursements of the General Fund in a timely manner during the year. As a consequence, the Office was not able to generate reports for management in a timely fashion resulting in expenditures exceeding the budget by approximately $16,000 in fiscal year 2014 and $112,000 in fiscal year 2015 and expenditures in excess of available resources of approximately $5,700 in fiscal year 2014 and $25,000 in fiscal year 2015. The Office did not provide a trial balance for audit until June, 2015 and May, 2016 for the fiscal years ended 2014 and 2015, respectively.

Recommendation – The Office should evaluate the underlying reasons for the condition and take the necessary steps to ensure timely reporting to management and to the external auditors. The Office should evaluate the cost/benefit of replacing its general ledger software or outsourcing the Office's monthly data processing.

2015-006 (Reported in preceding audit report as item 2014-006.)

Finding – During the audit we noted instances where payments to vendors or providers for goods and/or services were not made timely resulting in duplicate payments in some instances. Additionally, payments of the Office's credit card were made from statements with no adequate support to document the nature and official purpose of the expenditure.

Recommendation – Procedures should be implemented to ensure that all disbursements of the Office are made from original invoices, are adequately supported and paid timely. Paid invoices should promptly be marked cancelled to avoid duplicate payments. Timely payments of invoices and proper recording in the accounting records can reduce the likelihood of duplicate payments.

2015-007 **Finding –** The Office failed to take corrective action on the findings noted in the previous audits. As a consequence, the accounting records deteriorated significantly during the period of audit. During the audit, we were not able to obtain sufficient assurance as to the completeness or accuracy of the bank reconciliations or the accuracy and completeness of expenditures of the General Fund. Postings were not always correctly made to the general ledger and cash was not adequately reconciled to the general ledger during the year. Therefore, once again, management could not monitor its budget position during the year, resulting in expenditures exceeding the budget by approximately $112,000 and liabilities exceeding available resources by approximately $25,000.

Recommendation – The Office needs to take immediate action to correct the above conditions and emphasize to appropriate personnel the importance of timely and accurate recordkeeping.

Schedule of Findings

2015-008

Finding – The Office failed to comply with various statutory requirements regarding its financial management responsibility. Section 30.50, Florida Statutes, requires that all salaries paid shall be supported by payrolls and all expenses paid shall be supported by approved bills. Also, the Office is required to keep the necessary budget accounts and records, and charge all paid bills and payrolls to the proper budget accounts. Additionally, Section 30.50(5), Florida Statutes, states that "all expenses incurred in the fiscal year for which the budget is made shall be vouchered and charged to the budget for that year…". The Office also did not comply with Section 218.33, Florida Statutes, which requires the Office to follow uniform accounting practices and procedures as promulgated by the Department of Financial Services to assure the use of proper accounting and fiscal management.

Recommendation – The effectiveness of the Office's monitoring of its finances and budget position is dependent on timely and accurate bank reconciliations and timely postings to the general ledger. We recommend that adequate and immediate action be taken to ensure that cash is reconciled monthly, that all expenditures are posted to the proper accounts, and that management reviews closely its cash and budget position to prevent the reoccurrence of this condition.

Sheriff

DEWEY H. HATCHER, SR. • *DIXIE COUNTY*
MEMBER FLORIDA SHERIFFS ASSOCIATION
BOX 470 • CROSS CITY, FLORIDA 32628-0470
(352) 498-1220 • FAX (352) 498-1226

August 2, 2016

Sherrill F. Norman
State of Florida Auditor General
Claude Pepper Building
111 West Madison Street
Tallahassee, FL 32628

Greetings,

The following are responses to the findings made by Carr, Riggs and Ingram, LLC, Certified Public Accountants, for the budget year of October 1, 2014 through September 30, 2015.

2015-003
2015-004
2015-005
2015-006
2015-007
2015-008

For nearly four decades the system we had in place and the finance officer were able to adequately maintain our financial ledger by hand. As time passed, we were required to begin computerizing some of these records while maintaining the hand ledgers. The debits and credits were then manually transferred into the computer system. Along with the duties of finance officer, this individual was also responsible for all of the human resources and training records of our personnel. This combination eventually led delay and the increase of error when transferring debits and credits from the hand ledger to the computer system.

On March 1, 2016, we hired a new Finance Officer and then reassigned the responsibilities of human resources and personnel training to other clerical staff in order for the finance officer to focus primarily on finance. We have also begun to fully automate and computerize our finance along with initiating online banking for constant monitoring of the operating account.

These measures will have a direct effect on the findings as specified in the report filed by Carr, Riggs and Ingram, LLC.

2015-001

Steps are taken to minimize the occurrences of these events that include both transactions. However, due to staffing limitations brought about by lack of budget allowances, there are and will be circumstances that are unpreventable.

2015-002

This is an additional finding from previous years. As explained in the past, we issue checks to the inmates who have cash balances when they are released from custody. Often times these checks are for just pennies. They often times must be mailed to the address of record if the inmate is released after hours. Due to the small amount of the checks and the fact that often times the inmate never gets the mail due to their transient nature, the checks go uncashed. This year we have implemented a cash card system that the inmate get when they are released. If

they do not use the cash in a timely manner, their monies will be used up in monthly maintenance fees to the account thereby zeroing out the account balance.

Respectfully,

Dewey H. Hatcher Sr., Sheriff

DH/sh

Cc: Tim Alexander, County Manager
Martha Garcia-Baker, CPA

Dixie County Tax Collector

Audit Report

September 30, 2015

Dixie County Tax Collector

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September 30, 2015

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INDEPENDENT AUDITOR'S REPORT

The Honorable Michelle F. Cannon
Tax Collector
Dixie County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the major fund and the aggregate remaining fund information of the office of the Dixie County Tax Collector (the "Office") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Office's special purpose 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.

Auditor's 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 the major fund and the aggregate remaining fund information of the Office as of September 30, 2015, and the respective changes in financial position, where applicable, thereof for

the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

We draw attention to Note 1 to the financial statements, which describes that the accompanying financial statements 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 special purpose financial statements that do not constitute a complete presentation, but otherwise constitute financial statements prepared in accordance with generally accepted accounting principles. Our opinions are not modified with respect to this matter.

We also draw attention to Note 2 to the financial statements, which indicates that the Office disclosed a net pension liability as a result of implementing GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinions are 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 and pension trend information be presented to supplement the special purpose financial statements. Such information, although not a part of the special purpose financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the special purpose 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 special purpose financial statements, and other knowledge we obtained during our audit of the special purpose financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2016, on our consideration of the Office's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Office's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Gainesville, Florida
June 24, 2016

Balance Sheet - Governmental Funds
September 30, 2015

		General Fund
Assets		
Cash and equivalents	$	43,005
Liabilities and fund balance		
Liabilities:		
Accounts payable and accrued liabilities	$	30,904
Due to other county agencies		12,101
Total liabilities		43,005
Fund balance		-
Total liabilities and fund balance	$	43,005

See accompanying notes.

Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Year ended September 30, 2015

		General Fund
Revenues		
Miscellaneous revenue	$	63
Expenditures		
Current:		
General government services		549,551
Excess of revenues under expenditures		(549,488)
Other financing sources (uses)		
Appropriation from board of county commissioners		561,589
Reversion to board of county commissioners		(12,101)
Total other financing sources (uses)		549,488
Net change in fund balance		-
Fund balance - beginning of year		-
Fund balance - end of year	$	-

See accompanying notes.

Statement of Fiduciary Net Position
September 30, 2015

	Agency Fund
Assets	
Cash and equivalents	$ 329,338
Accounts receivable	3,186
Due from other governments	30
Total assets	332,554
Liabilities	
Assets held for others	313,725
Due to other county agencies	18,829
Total liabilities	332,554
Net position	$ -

See accompanying notes.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The Tax Collector is an elected constitutional officer, whose office is established by Article VIII of the Constitution of the State of Florida and is governed by various provisions of state law.

The Office is an integral part of Dixie County, which is the primary government for financial reporting purposes.

Basis of Presentation

The Office's financial statements are special purpose financial statements that have been prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida (the "Rules"). These special purpose financial statements are the fund financial statements required by generally accepted accounting principles. However, these fund financial statements do not constitute a complete presentation because, in conformity with the Rules, the Office has not presented reconciliations to the government-wide financial statements, the government-wide financial statements, or management's discussion and analysis. Also, certain notes to the financial statements may supplement rather than duplicate the notes included in the County's countywide financial statements.

Fund Accounting

Accounts are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to, and accounted for in, individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The focus of fund financial statements is on major funds, each displayed in a separate column. All nonmajor funds are aggregated and displayed in a single column. The Office has no nonmajor funds.

The Office reports the following major governmental fund:

General Fund – The General Fund is the primary operating fund. It is used to account for and report all financial resources not accounted for and reported in another fund.

The Office also reports the following fiduciary funds:

Agency Fund – the Agency Fund is used to account for assets held in a custodial capacity.

Fund Balance

The Office follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* to classify fund balances for governmental funds into specifically defined classifications. The classifications comprise a hierarchy based primarily on the extent to which the Office is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The fund balance classifications specified in GASB Statement No. 54 are as follows:

Nonspendable Fund Balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the Office's highest level of decision-making authority, which is a policy of the Office. Committed amounts cannot be used for any other purpose unless the Office removes those constraints by taking the same type of action.

Assigned Fund Balance – Assigned fund balances are amounts that are constrained by the Office's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the constitutional officer or (b) a body or official to which the constitutional officer has delegated the authority to assign amounts to be used for specific purposes.

Unassigned Fund Balance – Unassigned fund balance is the residual classification for the General Fund.

The Office's policy is to expend resources in the following order: restricted, committed, assigned, and unassigned.

***Measurement Focus/*Basis of Accounting**

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

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, principal and interest on long-term debt are recognized when due.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Capital Assets and Long-Term Liabilities

Capital assets used by the Office are recorded and accounted for by the Dixie County Board of County Commissioners.

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

Cash and Equivalents

All cash and equivalents are 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 Chief Financial Officer eligible collateral equal to, or in excess of, an amount to be determined by the Chief Financial Officer. The Chief Financial Officer is required to ensure that all funds are entirely insured or collateralized throughout the fiscal year.

Deferred Outflows/Inflows of Resources

A *deferred outflow of resources* is a consumption of net assets that is applicable to a future reporting period.

A *deferred inflow of resources* is an acquisition of net assets that is applicable to a future reporting period.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System Pension Plan and Health Insurance Subsidy Program and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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.

NOTE 2 – CHANGES IN LONG-TERM LIABILITIES

A summary of changes in long-term liabilities follows:

	Balance October 1, 2014	Additions	Deductions	Balance September 30, 2015	Due Within One Year
Compensated absences	$ 8,000	$ 12,000	$ 13,000	$ 7,000	$ 4,000
Net pension liability	217,222	169,726	-	386,948	3,700
Total	$ 225,222	$ 181,726	$ 13,000	$ 393,948	$ 7,700

During 2015, the Office implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. As a result, a net pension liability is disclosed in the tabulation of changes in long-term liabilities presented above.

NOTE 3 – STATE OF FLORIDA PENSION PLANS

Defined Benefit Plans

The Office participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report may be obtained by writing to the Division of Retirement, PO Box 9000, Tallahassee, Florida, 32315-9000 or by calling (844) 377-1888.

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy (HIS) Program 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. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

NOTE 3 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

Benefits Provided

Benefits under the FRS Pension 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.

Eligible retirees and beneficiaries receive 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.

Contributions

The contribution requirements of plan members and the Office are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS. The Office's contribution rates as of September 30, 2015, were as follows:

	FRS	HIS
Regular class	5.60%	1.66%
Special risk class	20.38%	1.66%
Senior management service class	19.77%	1.66%
Elected officials	40.61%	1.66%
DROP from FRS	11.22%	1.66%

The Office's contributions for the year ended September 30, 2015, were $52,358 to the FRS and $3,961 to the HIS.

NOTE 3 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2015, the Office reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2015, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2015. The Office's proportions of the net pension liabilities were based on the Office's share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	FRS	HIS
Net pension liability	$ 287,159	$ 99,789
Proportion at:		
Current measurement date	0.0022%	0.0010%
Prior measurement date	0.0020%	0.0010%
Pension expense (benefit)	$ 51,095	$ 7,140

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2015, 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	$ 30,315	$ 6,811	$ -	$ -
Changes of assumptions	19,060	-	7,851	-
Net difference between projected and actual earnings on pension plan investments	101,145	169,714	54	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	136,754	-	698	2,658
Employer contributions subsequent to the measurement date	11,685	-	1,127	-
Total	$ 298,959	$ 176,525	$ 9,730	$ 2,658

NOTE 3 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2016. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending September 30,	FRS	HIS
2016	$ 16,691	$ 964
2017	16,691	964
2018	16,691	964
2019	16,693	962
2020	33,835	950
Thereafter	10,148	1,141
Total	$ 110,749	$ 5,945

Actuarial Assumptions

	FRS	HIS
Inflation	2.60%	2.60%
Salary increases	3.25%	3.25%
Investment rate of return	7.65%	N/A
Discount rate	7.65%	3.80%

Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB.

For both plans, the actuarial assumptions used in the valuation dated July 1, 2015 were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.
The following changes in key actuarial assumptions occurred in 2015:

FRS: No changes in key actuarial assumptions.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 4.29% to 3.80%.

NOTE 3 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class.

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1%	3.2%	3.1%
Fixed income	18%	4.8%	4.7%
Global equity	53%	8.5%	7.2%
Real estate (property)	10%	6.8%	6.2%
Private equity	6%	11.9%	8.2%
Strategic investments	12%	6.7%	6.1%
	100%		

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 7.65%. FRS' 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 the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.80% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

NOTE 3 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the Office's proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

	FRS			HIS		
	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)	1% Decrease (2.80%)	Current Discount Rate (3.80%)	1% Increase (4.80%)
Employer's proportionate share of the net pension liability	$ 744,093	$ 287,159	$ (93,086)	$ 113,705	$ 99,789	$ 88,185

Pension Plans' Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position is available in the State's separately issued financial reports.

Defined Contribution Plan

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan ("FRS Investment Plan"), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. There were no employees of the Office that participated in the defined contribution plan during the fiscal year ended September 30, 2015.

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
Year ended September 30, 2015

	Budgeted Amounts			Variance With Final
	Original	Final	Actual	Budget
Revenues				
Miscellaneous revenue	$ -	$ -	$ 63	$ 63
Expenditures				
Current:				
General government services	564,864	564,864	549,551	15,313
Reserve for contingencies	-	1,764	-	1,764
Total expenditures	564,864	566,628	549,551	17,077
Excess of revenues over (under) expenditures	(564,864)	(566,628)	(549,488)	17,140
Other financing sources (uses)				
Appropriation from board of county commissioners	564,864	566,628	561,589	(5,039)
Reversion to board of county commissioners	-	-	(12,101)	(12,101)
Total other financing sources (uses)	564,864	566,628	549,488	(17,140)
Net change in fund balances	-	-	-	-
Fund balances - beginning of year	-	-	-	-
Fund balances - end of year	$ -	$ -	$ -	$ -

Notes to Schedule:

The budget is prepared on a basis that does not differ materially from generally accepted accounting principles. Its preparation, adoption, and amendment is governed by Florida Statutes. The fund is the legal level of control.

Dixie County Tax Collector

Schedules of Proportionate Share of Net Pension Liability
Last 10 Fiscal Years (1)

Florida Retirement System		2015
Employer's proportion of the net pension liability (asset)		0.0022%
Employer's proportionate share of the net pension liability (asset)	$	287,159
Employer's covered-employee payroll (2)	$	296,848
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		96.74%
Plan fiduciary net position as a percentage of the total pension liability		92.00%

Health Insurance Subsidy Program		2015
Employer's proportion of the net pension liability (asset)		0.0010%
Employer's proportionate share of the net pension liability (asset)	$	99,789
Employer's covered-employee payroll (2)	$	296,848
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		33.62%
Plan fiduciary net position as a percentage of the total pension liability		0.50%

Notes to schedules:

(1) The amounts presented for each fiscal year were determined as of the measurement date, which was June 30th of the current fiscal year.

(2) Covered-employee payroll includes defined benefit plan actives, investment plan members, and members in DROP.

GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

Schedules of Employer Contributions
Last 10 Fiscal Years

Florida Retirement System	2015
Contractually required contribution	$ 52,358
Contributions in relation to the contractually required contribution	52,358
Contribution deficiency (excess)	$ -
Employer's covered-employee payroll (1)	$ 292,832
Contributions as a percentage of covered-employee payroll	17.88%

Health Insurance Subsidy Program	2015
Contractually required contribution	$ 3,961
Contributions in relation to the contractually required contribution	3,961
Contribution deficiency (excess)	$ -
Employer's covered-employee payroll (1)	$ 292,832
Contributions as a percentage of covered-employee payroll	1.35%

Notes to schedules:
(1) Covered-employee payroll includes defined benefit plan actives, investment plan members, and members in DROP.

GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

Additional Elements Required by the Rules of the Auditor General

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MANAGEMENT LETTER

The Honorable Michelle F. Cannon
Tax Collector
Dixie County, Florida

We have audited the financial statements of the office of the Dixie County Tax Collector (the "Office"), as of and for the year ended September 30, 2015, and have issued our report thereon dated June 24, 2016. That report should be considered in conjunction with this management letter.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

Prior Audit Findings

The Rules of the Auditor General require that we comment as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding audit. If the audit findings in the preceding audit are uncorrected, we are required to identify those findings that were also included in the second preceding audit report. The Office has no uncorrected prior audit findings that are required to be identified pursuant to the Rules of the Auditor General.

Other Matters

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

The purpose of this management letter is solely to comply with the requirements of Chapter 10.550, Rules of the Auditor General. Accordingly, this communication is not suitable for any other purpose.

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

Carr, Riggs & Ingram, L.L.C.

Gainesville, Florida
June 24, 2016

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INDEPENDENT AUDITOR'S 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 Michelle F. Cannon
Tax Collector
Dixie County, Florida

We have audited, in accordance with the 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 major fund and the aggregate remaining fund information of the office of the Dixie County Tax Collector (the "Office"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Office's special purpose financial statements, and have issued our report thereon dated June 24, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Office'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.

Carr, Riggs & Ingram, L.L.C.

Gainesville, Florida
June 24, 2016

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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

The Honorable Michelle F. Cannon
Tax Collector
Dixie County, Florida

We have examined the office of the Dixie County Tax Collector's (the "Office") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2015. Management is responsible for the Office's compliance with those requirements. Our responsibility is to express an opinion on the Office's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Office'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 Office's compliance with specified requirements.

In our opinion, the Office complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

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

Carr, Riggs & Ingram, L.L.C.

Gainesville, Florida
June 24, 2016

MICHELLE F. CANNON, C.F.C.

DIXIE COUNTY TAX COLLECTOR
P.O. Box 5040
Cross City, FL 32628-5040
Phone: (352) 498-1213
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June 24, 2016

Ms. Sherrill Norman
State of Florida Auditor General
Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399

Dear Ms. Norman,

We are in receipt of our Audit Report ending September 30, 2015 conducted by Carr, Riggs and Ingram, LLC. We are pleased to note there were no findings reported in this year's audit.

We appreciate the assistance provided throughout the year and look forward to future association.

Respectfully,

Michelle F. Cannon
Tax Collector

Cc: Carr, Riggs and Ingram, LLC

Dixie County
Property Appraiser

Audit Report

September 30, 2015

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INDEPENDENT AUDITOR'S REPORT

The Honorable Robert Lee
Property Appraiser
Dixie County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the office of the Dixie County Property Appraiser (the "Office") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Office's special purpose 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.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Office as of September 30, 2015, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

We draw attention to Note 1 to the financial statements, which describes that the accompanying financial statements 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 special purpose financial statements that do not constitute a complete presentation, but otherwise constitute financial statements prepared in accordance with generally accepted accounting principles. Our opinion is not modified with respect to this matter.

We also draw attention to Note 2 to the financial statements, which indicates that the Office disclosed a net pension liability as a result of implementing GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. 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 and pension trend information be presented to supplement the special purpose financial statements. Such information, although not a part of the special purpose financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the special purpose 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 special purpose financial statements, and other knowledge we obtained during our audit of the special purpose financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 08, 2016, on our consideration of the Office's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Office's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Gainesville, Florida
July 08, 2016

Balance Sheet – Governmental Funds
September 30, 2015

		General Fund
Assets		
Cash and equivalents	$	56,840
Receivables		5,947
Total assets	$	62,787
Liabilities and fund balance		
Liabilities:		
Accounts payable and accrued liabilities	$	10,737
Due to other county agencies		52,050
Total liabilities		62,787
Fund balance		-
Total liabilities and fund balance	$	62,787

See accompanying notes.

Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Year ended September 30, 2015

	General Fund
Revenues	
Charges for services	$ 13,353
Miscellaneous revenue	132
Total revenues	13,485
Expenditures	
Current:	
General government services	773,997
Excess of revenues under expenditures	(760,512)
Other financing sources (uses)	
Appropriation from board of county commissioners	812,562
Reversion to board of county commissioners	(52,050)
Total other financing sources (uses)	760,512
Net change in fund balance	-
Fund balance - October 1, 2014	-
Fund balance - September 30, 2015	$ -

See accompanying notes.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The Property Appraiser is an elected constitutional officer, whose office is established by Article VIII of the Constitution of the State of Florida and is governed by various provisions of state law.

The Office is an integral part of Dixie County, which is the primary government for financial reporting purposes.

Basis of Presentation

The Office's financial statements are special purpose financial statements that have been prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida (the "Rules"). These special purpose financial statements are the fund financial statements required by generally accepted accounting principles. However, these fund financial statements do not constitute a complete presentation because, in conformity with the Rules, the Office has not presented reconciliations to the government-wide financial statements, the government-wide financial statements, or management's discussion and analysis. Also, certain notes to the financial statements may supplement rather than duplicate the notes included in the County's countywide financial statements.

Fund Accounting

Accounts are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to, and accounted for in, individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The focus of fund financial statements is on major funds, each displayed in a separate column. All nonmajor funds are aggregated and displayed in a single column. The Office has no nonmajor funds.

The Office reports the following major governmental fund:

General Fund – The General Fund is the primary operating fund. It is used to account for and report all financial resources not accounted for and reported in another fund.

Fund Balance

The Office follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* to classify fund balances for governmental funds into specifically defined classifications. The classifications comprise a hierarchy based primarily on the extent to which the Office is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The fund balance classifications specified in GASB Statement No. 54 are as follows:

Nonspendable Fund Balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the Office's highest level of decision-making authority, which is a policy of the Office. Committed amounts cannot be used for any other purpose unless the Office removes those constraints by taking the same type of action.

Assigned Fund Balance – Assigned fund balances are amounts that are constrained by the Office's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the constitutional officer or (b) a body or official to which the constitutional officer has delegated the authority to assign amounts to be used for specific purposes.

Unassigned Fund Balance – Unassigned fund balance is the residual classification for the General Fund.

The Office's policy is to expend resources in the following order: restricted, committed, assigned, and unassigned.

Measurement Focus/Basis of Accounting

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

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Capital Assets and Long-Term Liabilities

Capital assets used by the Office are recorded and accounted for by the Dixie County Board of County Commissioners.

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

Cash and Equivalents

All cash and equivalents are 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 Chief Financial Officer eligible collateral equal to, or in excess of, an amount to be determined by the Chief Financial Officer. The Chief Financial Officer is required to ensure that all funds are entirely insured or collateralized throughout the fiscal year.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System Pension Plan and Health Insurance Subsidy Program and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows/Inflows of Resources

A *deferred outflow of resources* is a consumption of net assets that is applicable to a future reporting period.

A *deferred inflow of resources* is an acquisition of net assets that is applicable to a future reporting period.

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.

NOTE 2 – CHANGES IN LONG-TERM LIABILITIES

A summary of changes in long-term liabilities follows:

	Balance October 1, 2014	Additions	Deductions	Balance September 30, 2015	Due Within One Year
Compensated absences	$ 49,000	$ 50,000	$ 52,000	$ 47,000	$ 14,000
Net pension liability	318,743	254,797	-	573,540	5,700
	$ 367,743	$ 304,797	$ 52,000	$ 620,540	$ 19,700

During 2015, the Office implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date.* As a result, a net pension liability is disclosed in the tabulation of changes in long-term liabilities presented above.

NOTE 3 – STATE OF FLORIDA PENSION PLANS

Defined Benefit Plans

The Office participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report may be obtained by writing to the Division of Retirement, PO Box 9000, Tallahassee, Florida, 32315-9000 or by calling (844) 377-1888.

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy (HIS) Program 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. To be eligible to receive a HIS benefit, a retiree under a state administered

NOTE 3 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided

Benefits under the FRS Pension 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.

Eligible retirees and beneficiaries receive 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.

Contributions

The contribution requirements of plan members and the Office are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS. The Office's contribution rates as of September 30, 2015, were as follows:

	FRS	HIS
Regular class	5.60%	1.66%
Special risk class	20.38%	1.66%
Senior management service class	19.77%	1.66%
Elected officials	40.61%	1.66%
DROP from FRS	11.22%	1.66%

The Office's contributions for the year ended September 30, 2015, were $79,151 to the FRS and $6,283 to the HIS.

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2015, the Office reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2015, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2015. The Office's proportions of the net pension liabilities were based on the Office's share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

NOTE 3 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

	FRS	HIS
Net pension liability	$ 418,915	$ 154,625
Proportion at:		
Current measurement date	0.0032%	0.0015%
Prior measurement date	0.0029%	0.0015%
Pension expense (benefit)	$ 73,425	$ 11,822

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2015, 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	$ 44,225	$ 9,935	$ -	$ -
Changes of assumptions	27,805	-	12,165	-
Net difference between projected and actual earnings on pension plan investments	147,553	247,583	84	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	196,108	-	2,738	1,388
Employer contributions subsequent to the measurement date	18,131	-	1,813	-
Total	$ 433,822	$ 257,518	$ 16,800	$ 1,388

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2016. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

NOTE 3 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

Year ending September 30,	FRS	HIS
2016	$ 23,709	$ 2,201
2017	23,709	2,201
2018	23,709	2,201
2019	23,710	2,201
2020	48,718	2,180
Thereafter	14,618	2,615
Total	$ 158,173	$ 13,599

Actuarial Assumptions

The total pension liability for each of the defined benefit plans, measured as of June 30, 2015, was determined by an actuarial valuation dated July 1, 2015, using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.60%	2.60%
Salary increases	3.25%	3.25%
Investment rate of return	7.65%	N/A
Discount rate	7.65%	3.80%

Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB.

For both plans, the actuarial assumptions used in the valuation dated July 1, 2015 were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The following changes in key actuarial assumptions occurred in 2015:

FRS: No changes in key actuarial assumptions.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 4.29% to 3.80%.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class.

NOTE 3 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1%	3.2%	3.1%
Fixed income	18%	4.8%	4.7%
Global equity	53%	8.5%	7.2%
Real estate (property)	10%	6.8%	6.2%
Private equity	6%	11.9%	8.2%
Strategic investments	12%	6.7%	6.1%
	100%		

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 7.65%. FRS' 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 the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.80% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the Office's proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

	FRS			HIS		
	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)	1% Decrease (2.80%)	Current Discount Rate (3.80%)	1% Increase (4.80%)
Employer's proportionate share of the net pension liability	$ 1,085,502	$ 418,915	$ (135,796)	$ 176,188	$ 154,625	$ 136,645

NOTE 3 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

Pension Plans' Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position is available in the State's separately issued financial reports.

Defined Contribution Plan

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan ("FRS Investment Plan"), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. Required employer contributions made to the plan during the year ended September 30, 2015, totaled $2,425.

NOTE 4 – CONTINGENCIES AND COMMITMENTS

The Office is, during the course of normal operations, involved in various claims regarding the assessments of real and tangible property. It is the opinion of management that any uninsured claims would not be material in relation to the Office's financial condition.

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – General Fund
Year ended September 30, 2015

	Budgeted Amounts			Variance With Final
	Original	Final	Actual	Budget
Revenues				
Charges for services	$ 13,877	$ 13,883	$ 13,353	$ (530)
Miscellaneous revenue	-	-	132	132
Total revenues	13,877	13,883	13,485	(398)
Expenditures				
Current:				
General government services	812,771	813,145	773,997	39,148
Reserve for contingency	13,300	13,300	-	13,300
Total expenditures	826,071	826,445	773,997	52,448
Excess of revenues over (under) expenditures	(812,194)	(812,562)	(760,512)	52,050
Other financing sources (uses)				
Appropriation from board of county commissioners	812,194	812,562	812,562	-
Reversion to board of county commissioners	-	-	(52,050)	(52,050)
Total other financing sources (uses)	812,194	812,562	760,512	(52,050)
Net change in fund balances	-	-	-	-
Fund balances - October 1, 2014	-	-	-	-
Fund balances - September 30, 2015	$ -	$ -	$ -	$ -

Notes to Schedule:

The budget is prepared on a basis that does not differ materially from generally accepted accounting principles. Its preparation, adoption, and amendment is governed by Florida Statutes. The fund is the legal level of control.

Schedules of Proportionate Share of Net Pension Liability
Last 10 Fiscal Years (1)

Florida Retirement System		2015
Employer's proportion of the net pension liability (asset)		0.0032%
Employer's proportionate share of the net pension liability (asset)	$	418,915
Employer's covered-employee payroll (2)	$	459,988
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		91.07%
Plan fiduciary net position as a percentage of the total pension liability		92.00%

Health Insurance Subsidy Program		2015
Employer's proportion of the net pension liability (asset)		0.0015%
Employer's proportionate share of the net pension liability (asset)	$	154,625
Employer's covered-employee payroll (2)	$	459,988
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		33.62%
Plan fiduciary net position as a percentage of the total pension liability		0.50%

Notes to schedules:

(1) The amounts presented for each fiscal year were determined as of the measurement date, which was June 30th of the current fiscal year.

(2) Covered-employee payroll includes defined benefit plan actives, investment plan members, and members in DROP.

GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

Schedules of Employer Contributions
Last 10 Fiscal Years

Florida Retirement System		2015
Contractually required contribution	$	79,151
Contributions in relation to the contractually required contribution		79,151
Contribution deficiency (excess)	$	-
Employer's covered-employee payroll (1)	$	463,982
Contributions as a percentage of covered-employee payroll		17.06%

Health Insurance Subsidy Program		2015
Contractually required contribution	$	6,283
Contributions in relation to the contractually required contribution		6,283
Contribution deficiency (excess)	$	-
Employer's covered-employee payroll (1)	$	463,982
Contributions as a percentage of covered-employee payroll		1.35%

Notes to schedules:
(1) Covered-employee payroll includes defined benefit plan actives, investment plan members, and members in DROP.

GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

Additional Elements Required by the Rules of the Auditor General

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MANAGEMENT LETTER

The Honorable Robert Lee
Property Appraiser
Dixie County, Florida

We have audited the financial statements of the office of the Dixie County Property Appraiser (the "Office"), as of and for the year ended September 30, 2015, and have issued our report thereon dated July 08, 2016. That report should be considered in conjunction with this management letter.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

Prior Audit Findings

The Rules of the Auditor General require that we comment as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding audit. If the audit findings in the preceding audit are uncorrected, we are required to identify those findings that were also included in the second preceding audit report. The Office has no uncorrected prior audit findings that are required to be identified pursuant to the Rules of the Auditor General.

Other Matters

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

The purpose of this management letter is solely to comply with the requirements of Chapter 10.550, Rules of the Auditor General. Accordingly, this communication is not suitable for any other purpose.

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

Carr, Riggs & Ingram, L.L.C.

Gainesville, Florida
July 08, 2016

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INDEPENDENT AUDITOR'S 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 Robert Lee
Property Appraiser
Dixie County, Florida

We have audited, in accordance with the 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 office of the Dixie County Property Appraiser (the "Office"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Office's special purpose financial statements, and have issued our report thereon dated July 08, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Office'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.

Carr, Riggs & Ingram, L.L.C.

Gainesville, Florida
July 08, 2016

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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

The Honorable Robert Lee
Property Appraiser
Dixie County, Florida

We have examined the office of the Dixie County Property Appraiser's (the "Office") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2015. Management is responsible for the Office's compliance with those requirements. Our responsibility is to express an opinion on the Office's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Office'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 Office's compliance with specified requirements.

In our opinion, the Office complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

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

Carr, Riggs & Ingram, L.L.C.

Gainesville, Florida
July 08, 2016

Robert A Lee
Dixie County Property Appraiser
P O Box 260
Cross City, FL 32628

July 8, 2016

Sherrill F Norman
State of Florida Auditor General
State of Florida
Tallahassee, Fl

Reference: Dixie County Property Appraiser
Elected Official's Response to Auditors' Report

Dear Sir:

The Dixie County Property Appraiser is in receipt of the independent auditors' report of the financial statements for the year ended September 30, 2015.

There were no findings in the Independent Auditor's Report.

There were no unfavorable comments in the Independent Auditors' Management Letter.

There were no unfavorable comments in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters.

This letter is offered to the Auditor General in compliance with the requirement that the elected official respond to the finding of the Independent Auditors.

Sincerely,

Robert A Lee,
Dixie County Property Appraiser

Dixie County
Supervisor of Elections

Audit Report

September 30, 2015

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INDEPENDENT AUDITOR'S REPORT

The Honorable Starlet E. Cannon
Supervisor of Elections
Dixie County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the office of the Dixie County Supervisor of Elections (the "Office") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Office's special purpose 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.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Office as of September 30, 2015, and the changes in its financial position for the

year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

We draw attention to Note 1 to the financial statements, which describes that the accompanying financial statements 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 special purpose financial statements that do not constitute a complete presentation, but otherwise constitute financial statements prepared in accordance with generally accepted accounting principles. Our opinion is not modified with respect to this matter.

We also draw attention to Note 2 to the financial statements, which indicates that the Office disclosed a net pension liability as a result of implementing GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. 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 and pension trend information be presented to supplement the special purpose financial statements. Such information, although not a part of the special purpose financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the special purpose 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 special purpose financial statements, and other knowledge we obtained during our audit of the special purpose financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2016, on our consideration of the Office's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Office's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Gainesville, Florida
June 24, 2016

Dixie County Supervisor of Elections

Balance Sheet – Governmental Funds
September 30, 2015

		General Fund
Assets		
Cash and equivalents	$	25,556
Liabilities and fund balance		
Liabilities:		
Accounts payable and accrued liabilities	$	3,683
Due to other county agencies		15,278
Total liabilities		18,961
Fund balance:		
Restricted – election grants		6,595
Total liabilities and fund balance	$	25,556

See accompanying notes.

Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Year ended September 30, 2015

	General Fund
Revenues	
Intergovernmental revenue	$ 2,571
Miscellaneous revenue	399
Total revenues	2,970
Expenditures	
Current:	
General government services	295,675
Excess of revenues under expenditures	(292,705)
Other financing sources (uses)	
Appropriation from board of county commissioners	308,803
Reversion to board of county commissioners	(15,278)
Total other financing sources (uses)	293,525
Net change in fund balance	820
Fund balance - October 1, 2014	5,775
Fund balance - September 30, 2015	$ 6,595

See accompanying notes.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The Supervisor of Elections is an elected constitutional officer, whose office is established by Article VIII of the Constitution of the State of Florida and is governed by various provisions of state law.

The Office is an integral part of Dixie County, which is the primary government for financial reporting purposes.

Basis of Presentation

The Office's financial statements are special purpose financial statements that have been prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida (the "Rules"). These special purpose financial statements are the fund financial statements required by generally accepted accounting principles. However, these fund financial statements do not constitute a complete presentation because, in conformity with the Rules, the Office has not presented reconciliations to the government-wide financial statements, the government-wide financial statements, or management's discussion and analysis. Also, certain notes to the financial statements may supplement rather than duplicate the notes included in the County's countywide financial statements.

Fund Accounting

Accounts are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to, and accounted for in, individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The focus of fund financial statements is on major funds, each displayed in a separate column. All nonmajor funds are aggregated and displayed in a single column. There are no nonmajor governmental funds.

The Office reports the following major governmental fund:

General Fund – The General Fund is the primary operating fund. It is used to account for and report all financial resources not accounted for and reported in another fund.

Fund Balance

The Office follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* to classify fund balances for governmental funds into specifically defined classifications. The classifications comprise a hierarchy based primarily on the extent to which the Office is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The fund balance classifications specified in GASB Statement No. 54 are as follows:

Nonspendable Fund Balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the Office's highest level of decision-making authority, which is a policy of the Office. Committed amounts cannot be used for any other purpose unless the Office removes those constraints by taking the same type of action.

Assigned Fund Balance – Assigned fund balances are amounts that are constrained by the Office's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the constitutional officer or (b) a body or official to which the constitutional officer has delegated the authority to assign amounts to be used for specific purposes.

Unassigned Fund Balance – Unassigned fund balance is the residual classification for the General Fund.

The Office's policy is to expend resources in the following order: restricted, committed, assigned, and unassigned.

Measurement Focus/Basis of Accounting

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

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, principal and interest on long-term debt are recognized when due.

Capital Assets and Long-Term Liabilities

Capital assets of the Office are recorded and accounted for by the Dixie County Board of County Commissioners.

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

Cash and Equivalents

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 Chief Financial Officer eligible collateral equal to, or in excess of, an amount to be determined by the Chief Financial Officer. The Chief Financial Officer is required to ensure that all funds are entirely insured or collateralized throughout the fiscal year.

Deferred Outflows/Inflows of Resources

A *deferred outflow of resources* is a consumption of net assets that is applicable to a future reporting period. A *deferred inflow of resources* is an acquisition of net assets that is applicable to a future reporting period.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System Pension Plan and Health Insurance Subsidy Program and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Restricted Fund Balance

The Office implemented voter education, poll worker recruitment, and federal election activities programs using funds passed through the Florida Department of State. Available but unexpended funds of these programs are restricted for future expenditures.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

NOTE 2 – CHANGES IN LONG-TERM LIABILITIES

A summary of changes in long-term liabilities follows:

	Balance October 1, 2014	Additions	Deductions	Balance September 30, 2015	Due Within One Year
Compensated absences	$ 1,900	$ 4,300	$ 3,000	$ 3,200	$ 3,000
Net pension liability	115,499	134,369	-	249,868	1,900
Total	$117,399	$ 138,669	$ 3,000	$ 253,068	$ 4,900

During 2015, the Office implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date.* As a result, a net pension liability is disclosed in the tabulation of changes in long-term liabilities presented above.

NOTE 3 – STATE OF FLORIDA PENSION PLANS

Defined Benefit Plans

The Office participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report may be obtained by writing to the Division of Retirement, PO Box 9000, Tallahassee, Florida, 32315-9000 or by calling (844) 377-1888.

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of

NOTE 3 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy (HIS) Program 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. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided

Benefits under the FRS Pension 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.

Eligible retirees and beneficiaries receive 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.

Contributions

The contribution requirements of plan members and the Office are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS. The Office's contribution rates as of September 30, 2015, were as follows:

	FRS	HIS
Regular class	5.60%	1.66%
Special risk class	20.38%	1.66%
Senior management service class	19.77%	1.66%
Elected officials	40.61%	1.66%
DROP from FRS	11.22%	1.66%

The Office's contributions for the year ended September 30, 2015, were $37,126 to the FRS and $2,101 to the HIS.

NOTE 3 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2015, the Office reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2015, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2015. The Office's proportions of the net pension liabilities were based on the Office's share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	FRS	HIS
Net pension liability	$ 198,296	$ 51,572
Proportion at:		
Current measurement date	0.0015%	0.0005%
Prior measurement date	0.0012%	0.0004%
Pension expense (benefit)	$ 39,042	$ 4,885

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2015, 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	$ 20,934	$ 4,703	$ -	$ -
Changes of assumptions	13,162	-	4,057	-
Net difference between projected and actual earnings on pension plan investments	69,845	117,195	28	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	114,825	-	6,221	-
Employer contributions subsequent to the measurement date	9,022	-	647	-
Total	$ 227,788	$ 121,898	$ 10,953	$ -

NOTE 3 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2016. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending September 30,	FRS	HIS
2016	$ 15,373	$ 1,664
2017	15,373	1,664
2018	15,373	1,664
2019	15,374	1,664
2020	27,212	1,657
Thereafter	8,163	1,993
Total	$ 96,868	$ 10,306

Actuarial Assumptions

The total pension liability for each of the defined benefit plans, measured as of June 30, 2015, was determined by an actuarial valuation dated July 1, 2015, using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.60%	2.60%
Salary increases	3.25%	3.25%
Investment rate of return	7.65%	N/A
Discount rate	7.65%	3.80%

Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB.

For both plans, the actuarial assumptions used in the valuation dated July 1, 2015 were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

NOTE 3 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

The following changes in key actuarial assumptions occurred in 2015:

FRS: No changes in key actuarial assumptions.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 4.29% to 3.80%.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class.

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1%	3.2%	3.1%
Fixed income	18%	4.8%	4.7%
Global equity	53%	8.5%	7.2%
Real estate (property)	10%	6.8%	6.2%
Private equity	6%	11.9%	8.2%
Strategic investments	12%	6.7%	6.1%
	100%		

NOTE 3 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 7.65%. FRS' 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 the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.80% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the Office's proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

	FRS			HIS		
	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)	1% Decrease (2.80%)	Current Discount Rate (3.80%)	1% Increase (4.80%)
Employer's proportionate share of the net pension liability	$ 513,830	$ 198,296	$ (64,280)	$ 58,763	$ 51,572	$ 45,575

Pension Plans' Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position is available in the State's separately issued financial reports.

Defined Contribution Plan

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan ("FRS Investment Plan"), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. Required employer contributions made to the plan during the year ended September 30, 2015, totaled $1,677.

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – General Fund
Year ended September 30, 2015

	Budgeted Amounts			Variance With Final
	Original	Final	Actual	Budget
Revenues				
Intergovernmental revenue	$ -	$ -	$ 2,571	$ 2,571
Miscellaneous revenue	-	-	399	399
Total revenues	-	-	2,970	2,970
Expenditures				
Current:				
General government services	314,054	306,803	295,675	11,128
Reserve for contingencies	2,000	2,000	-	2,000
Total expenditures	316,054	308,803	295,675	13,128
Excess of revenues over (under) expenditures	(316,054)	(308,803)	(292,705)	16,098
Other financing sources (uses)				
Appropriation from board of county commissioners	316,054	308,803	308,803	-
Reversion to board of county commissioners	-	-	(15,278)	(15,278)
Total other financing sources (uses)	316,054	308,803	293,525	(15,278)
Net change in fund balances	-	-	820	820
Fund balances - October 1, 2014	-	-	5,775	5,775
Fund balances - September 30, 2015	$ -	$ -	$ 6,595	$ 6,595

Notes to Schedule:

The budget is prepared on a basis that does not differ materially from generally accepted accounting principles. Its preparation, adoption, and amendment is governed by Florida Statutes. The fund is the legal level of control.

Schedules of Proportionate Share of Net Pension Liability
Last 10 Fiscal Years (1)

Florida Retirement System		2015
Employer's proportion of the net pension liability (asset)		0.0015%
Employer's proportionate share of the net pension liability (asset)	$	198,296
Employer's covered-employee payroll (2)	$	153,410
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		129.26%
Plan fiduciary net position as a percentage of the total pension liability		92.00%

Health Insurance Subsidy Program		2015
Employer's proportion of the net pension liability (asset)		0.0005%
Employer's proportionate share of the net pension liability (asset)	$	51,572
Employer's covered-employee payroll (2)	$	153,410
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		33.62%
Plan fiduciary net position as a percentage of the total pension liability		0.50%

Notes to schedules:
(1) The amounts presented for each fiscal year were determined as of the measurement date, which was June 30th of the current fiscal year.

(2) Covered-employee payroll includes defined benefit plan actives, investment plan members, and members in DROP.

GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

Dixie County Supervisor of Elections

Schedules of Employer Contributions
Last 10 Fiscal Years

Florida Retirement System		2015
Contractually required contribution	$	37,126
Contributions in relation to the contractually required contribution		37,126
Contribution deficiency (excess)	$	-
Employer's covered-employee payroll (1)	$	154,357
Contributions as a percentage of covered-employee payroll		24.05%

Health Insurance Subsidy Program		2015
Contractually required contribution	$	2,101
Contributions in relation to the contractually required contribution		2,101
Contribution deficiency (excess)	$	-
Employer's covered-employee payroll (1)	$	154,357
Contributions as a percentage of covered-employee payroll		1.36%

Notes to schedules:
(1) Covered-employee payroll includes defined benefit plan actives, investment plan members, and members in DROP.

GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

Additional Elements Required by the Rules of the Auditor General

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MANAGEMENT LETTER

The Honorable Starlet E. Cannon
Supervisor of Elections
Dixie County, Florida

We have audited the financial statements of the office of the Dixie County Supervisor of Elections (the "Office"), as of and for the year ended September 30, 2015, and have issued our report thereon dated June 24, 2016. That report should be considered in conjunction with this management letter.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

Prior Audit Findings

The Rules of the Auditor General require that we comment as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding audit. If the audit findings in the preceding audit are uncorrected, we are required to identify those findings that were also included in the second preceding audit report. These requirements of the Rules of the Auditor General are addressed in the schedule of findings that accompanies this letter.

Other Matters

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

The purpose of this management letter is solely to comply with the requirements of Chapter 10.550, Rules of the Auditor General. Accordingly, this communication is not suitable for any other purpose.

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

Carr, Riggs & Ingram, L.L.C.

Gainesville, Florida
June 24, 2016

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INDEPENDENT AUDITOR'S 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 Starlet E. Cannon
Supervisor of Elections
Dixie County, Florida

We have audited, in accordance with the 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 office of the Dixie County Supervisor of Elections (the "Office"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Office's special purpose financial statements, and have issued our report thereon dated June 24, 2016.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings as items 2015-001 and 2015-002 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Office'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*.

The Office's Response to Findings

The Office's response to the findings identified in our audit is described in its accompanying letter of response. The Office's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Carr, Riggs & Ingram, L.L.C.

Gainesville, Florida
June 24, 2016

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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

The Honorable Starlet E. Cannon
Supervisor of Elections
Dixie County, Florida

We have examined the office of the Dixie County Supervisor of Elections' (the "Office") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2015. Management is responsible for the Office's compliance with those requirements. Our responsibility is to express an opinion on the Office's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Office'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 Office's compliance with specified requirements.

In our opinion, the Office complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

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

Carr, Riggs & Ingram, L.L.C.

Gainesville, Florida
June 24, 2016

Schedule of Findings

2015-001 (Reported in previous audit reports as items 2014-001 and 2013-001.)

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

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

2015-002 (Reported in previous audit reports as items 2014-002 and 2013-002.)

Condition – As part of the audit process, it was necessary for us to assist with the preparation of the Office's financial statements.

Recommendation – We recommend the Office consider and evaluate the costs and benefits of improving internal controls relative to the financial reporting process.

Starlet E. Cannon

P.O. BOX 2057
CROSS CITY, FLORIDA 32628-2057
(352) 498-1216

DIXIE COUNTY
Supervisor of Elections

June 24, 2016

Sherrill F. Norman, CPA
State of Florida Auditor General
P.O. Box 1735
Tallahassee, Fl. 32302

RESPONSE TO AUDIT OF THE SUPERVISOR OF ELECTIONS OF DIXIE COUNTY, FLORIDA
FOR FY 2015

Dear Mr. Norman,

INRE: (2015-001)
Because of a limited number of available personnel, it is not always possible to adequately segregate Certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. Consequently, the possibility exists that unintentional or intentional error or irregularities could exist and not be promptly detected. Our audit did not reveal any significant errors or irregularities resulting from this lack of separation of employee duties and responsibilities.

Although I understand that an ideal system of internal control achieves proper segregation of duties, due to the Small size of the office and limited resources, this condition is difficult to attain. To the best of my ability I ensure that the resources and physical assets of the office are safeguarded.

INRE: (2015-002)
We realize that ideally our internal control system should be designed in a manner that ensures the accuracy Of the financial statements and that they conform to generally accept accounting principles. We do not feel that Investing in the resources necessary for us to implement an effective internal control system would outweigh the cost of those resources. Although I have taken steps to the best of my ability to ensure that every possible effort is made to ensure that all appropriate controls to the financial reporting process are adhered to.

Sincerely,

Starlet Cannon
Supervisor of Elections
Dixie County, Fla.