Dixie County, Florida

Audit Report

September 30, 2016

Table of Contents
September 30, 2016

REPORT
Independent Auditor's Report i

MANAGEMENT'S DISCUSSION AND ANALYSIS iii

BASIC FINANCIAL STATEMENTS
Government-wide Financial Statements:

Statement of Net Position 1

Statement of Activities 2

Governmental Fund Financial Statements:

Balance Sheet 3

Reconciliation of the Balance Sheet to the Statement of Net Position 5

Statement of Revenues, Expenditures and Changes in Fund Balances 6

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities 8

Fiduciary Fund Financial Statements:

Statement of Fiduciary Net Position 9

Notes to Financial Statements 10

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund 31

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Recreation and Libraries 32

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – EMS 33

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – County Transportation Trust 34

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Airport 35

Other Postemployment Benefits – Schedule of Funding Progress 36

Pension Plans:

Schedules of Proportionate Share of Net Pension Liability 37

Schedules of Employer Contributions 38

Table of Contents
September 30, 2016

SUPPLEMENTARY INFORMATION

Combining Balance Sheet – Nonmajor Governmental Funds 39

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds 43

Combining Statement of Fiduciary Net Position 47

Schedule of Expenditures of Federal Awards and State Financial Assistance 48

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance 50

ADDITIONAL ELEMENTS REQUIRED BY THE RULES OF THE AUDITOR GENERAL

Management Letter 51

Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes 53

Independent Accountant's Report on Compliance with Sections 365.172(10) and 365.173(2)(d), Florida Statutes 54

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* 55

Independent Auditor's Report on Compliance for Each Major State Project and on Internal Control Over Compliance Required by Chapter 10.550, Rules of the Auditor General 57

Schedule of Findings and Questioned Costs 59

Management's Audit Findings Follow-Up:

Summary Schedule of Prior Audit Findings (Relative to Federal and State Awards) 64

Corrective Action Plan (Relative to Current Findings) --

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
4010 N.W. 25th Place
Gainesville, Florida 32606
P.O. Box 13494
Gainesville, Florida 32604

(352) 372-6300
(352) 375-1583 (fax)
www.cricpa.com

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, 2016, 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, 2016, 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.

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 Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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, November 2, 2017 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
November 2, 2017

This Management Discussion and Analysis provides an objective and easily readable analysis of the County's financial activities for fiscal year ended September 30, 2016. 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 $32,215,973 (net position). Of this amount, $(3,382,422) is unrestricted net position, while $33,632,447 was net investment in capital assets. The remaining $1,965,948 is restricted net position.
- The County's total net position increased by $4,433,722 over the previous year.
- At September 30, 2016, the County's governmental funds reported a combined fund balance of $7,021,111.

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, 2016.

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, Recreation and Libraries 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 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 and deferred outflows exceeded liabilities and deferred inflows by $32.2 million at the close of the fiscal year ended September 30, 2016.

The following schedule summarizes the statement of net position as of September 30, 2016, and September 30, 2015.

	Governmental Activities	
	2016	2015
Current and other assets	**$ 9,109,282**	$ 9,037,098
Capital assets	**34,066,665**	28,782,467
Total assets	**43,175,947**	37,819,565
Deferred outflows	**7,877,750**	4,521,382
Other liabilities	**1,058,136**	1,122,036
Long-term liabilities	**14,942,218**	9,759,700
Total liabilities	**16,000,354**	10,881,736
Deferred inflows	**2,836,457**	3,676,960
Net position:		
Net investment in capital assets	**33,632,447**	28,298,649
Restricted	**1,965,948**	1,444,303
Unrestricted	**(3,381,509)**	(1,960,701)
Total net position	**$ 32,216,886**	$ 27,782,251

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 schedule summarizes revenues and expenses for the fiscal years ended September 30, 2016, and September 30, 2015:

	Governmental Activities	
	2016	2015
Program revenues:		
Charges for services	**$ 4,485,780**	$ 4,287,720
Operating grants and contributions	**2,194,793**	4,877,779
Capital grants and contributions	**5,440,678**	519,830
General revenues:		
Property taxes	**6,247,161**	6,154,536
Other taxes	**1,413,288**	1,329,675
Shared revenues - unrestricted	**2,934,259**	2,798,558
Other	**570,276**	471,853
Total revenues	**23,286,235**	20,439,951
Expenses:		
General government	**3,407,796**	3,048,147
Public safety	**10,394,468**	9,410,834
Physical environment	**1,462,840**	1,608,078
Transportation	**1,162,208**	2,844,433
Economic environment	**382,910**	663,063
Human services	**541,890**	548,242
Culture-recreation	**689,764**	610,398
Court-related	**789,394**	700,741
Interest on long-term debt	**20,330**	26,560
Total expenses	**18,851,600**	19,460,496
Change in net position	**4,434,635**	979,455
Net position – beginning of year, as restated for 2015	**27,782,251**	26,802,796
Net position – end of year	**$ 32,216,886**	$ 27,782,251

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 2016

The General Fund's fund balance increased $318,405, primarily due to a 6% increase in revenues. The fund balance of the Recreation and Libraries fund decreased by $294,754, further deepening that fund's negative fund balance position. EMS fund balance decreased by $194,618. The fund balance of the County Transportation Trust Fund increased approximately $150,000. The fund balance of the Airport

Fund increased by $236,404. Property tax revenues increased approximately 1.5% or just under $100,000.

Governmental Funds

At year-end, the County's governmental funds reported a combined fund balance of $7,021,111, an increase of $300,838. The overall increase is primarily due to increases in fund balances in the nonmajor governmental funds, the General Fund, the County Transportation Trust Fund, and the Airport Fund which are only partially offset by decreases in Recreation and Libraries and EMS fund balances.

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

Various County Funds Discussion

- The General Fund is the chief operating fund of the County. At the end of fiscal year 2016, unassigned fund balance of the General Fund was $1,497,372. This represents an increase of $287,668 compared to the unassigned fund balance from FY 2015.
- The Recreation and Libraries fund had a negative fund balance of $(732,930) at year end which was composed of a $500,000 long term advance from the General Fund and the impact of a current year reduction in fund balance of almost $300,000, the majority of which was related to grant expenditures in FY 2016 that are expected to be received in FY 2017, resulting in unavailable revenue in FY 2016.
- The Emergency Medical Service Fund had a total fund balance of $1,757,002 at year end. This was a decrease of $194,618 from the prior year. Revenues are from fees charged for emergency medical services, grants and property taxes from a 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 2016. The fund had a total fund balance of $408,052 at year end. This was an increase of $148,810 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. While fund balance increased in FY 2016 by $236,404, it remains negative.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual total revenues were approximately $1.14 million higher than anticipated in the final budget primarily due to an increase in intergovernmental revenue and taxes. Expenditures were less than budget by approximately $630,000.

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	$ 2,802,394	$ -	$ 20,021	$ 2,782,373
Construction in progress	309,555	2,680,711	-	2,990,266
Total capital assets not being depreciated	3,111,949	2,680,711	20,021	5,772,639
Capital assets being depreciated:				
Buildings	12,298,583	1,007,041	-	13,305,624
Improvements other than buildings	5,955,911	410,640	-	6,366,551
Infrastructure	25,335,742	2,541,340	-	27,877,082
Equipment	12,595,105	364,447	75,430	12,884,122
Total capital assets being depreciated	56,185,341	4,323,468	75,430	60,433,379
Less accumulated depreciation for:				
Buildings	6,595,358	407,186	-	7,002,544
Improvements other than buildings	2,227,745	210,975	-	2,438,720
Infrastructure	11,514,113	535,731	-	12,049,844
Equipment	10,177,607	546,068	75,430	10,648,245
Total accumulated depreciation	30,514,823	1,699,960	75,430	32,139,353
Total capital assets being depreciated, net	25,670,518	2,623,508	-	28,294,026
Governmental activities capital assets, net	$ 28,782,467	$ 5,304,219	$ 20,021	$ 34,066,665

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

Long-Term Debt

On September 30, 2016, the County's governmental outstanding debt was $14,942,218. This is comprised of $158,588 outstanding Notes Payable, $275,630 in Capital Lease Obligations, $316,569 for Closure and long-term care costs of landfills, $1,111,600 for compensated absences, $164,435 for other postemployment benefit obligations and $12,915,396 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, 2016

	Governmental Activities
Assets	
Cash and equivalents	$ 6,341,173
Receivables	902,777
Due from other governments	1,831,924
Mortgage receivable	33,408
Capital assets:	
Non-depreciable	5,772,639
Depreciable, net	28,294,026
Total assets	43,175,947
Deferred outflows - related to pensions	7,877,750
Liabilities	
Accounts payable and accrued liabilities	1,058,136
Noncurrent liabilities:	
Due within one year	919,498
Due in more than one year	14,022,720
Total liabilities	16,000,354
Deferred inflows - related to pensions	2,836,457
Net position	
Net investment in capital assets	33,632,447
Restricted for:	
Public safety	733,870
Other purposes	1,232,078
Unrestricted	(3,381,509)
Total net position	$ 32,216,886

See accompanying notes.

Dixie County, Florida

Statement of Activities
Year ended September 30, 2016

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	$ 3,407,796	$ 351,302	$ 1,666	$ -	$ (3,054,828)
Public safety	10,394,468	2,218,059	403,496	54,712	(7,718,201)
Physical environment	1,462,840	1,548,070	200	-	85,430
Transportation	1,162,208	-	928,024	5,157,728	4,923,544
Economic environment	382,910	-	3,115	-	(379,795)
Human services	541,890	4,000	493,847	-	(44,043)
Culture and recreation	689,764	42,632	56,799	228,238	(362,095)
Court related	789,394	321,717	307,646	-	(160,031)
Interest on long-term debt	20,330	-	-	-	(20,330)
Total	$ 18,851,600	$ 4,485,780	$ 2,194,793	$ 5,440,678	(6,730,349)
General revenues:					
Property taxes					6,247,161
Sales taxes					848,040
Gas taxes					459,483
Tourist development tax					42,273
Telecommunications tax					63,492
Impact fees					43,179
Shared revenues - unrestricted					2,934,259
Investment earnings					6,217
Miscellaneous					520,880
Total general revenues					11,164,984
Change in net position					4,434,635
Net position – beginning of year					27,782,251
Net position – end of year					$ 32,216,886

See accompanying notes.

Balance Sheet – Governmental Funds
September 30, 2016

	General Fund	Recreation and Libraries	EMS
Assets			
Cash and equivalents	$ 2,267,299	$ 9,314	$ 1,604,894
Due from other funds	1,047,049	4,302	77,642
Due from other governments	360,067	228,238	96,959
Receivables	86,579	-	711,989
Mortgage receivable	-	-	-
Advances to other funds	500,000	-	-
Total assets	$ 4,260,994	$ 241,854	$ 2,491,484
Liabilities, deferred inflows and fund balances			
Liabilities:			
Accounts payable and accrued liabilities	$ 181,813	$ 18,556	$ 47,889
Due to other funds	125,828	227,990	86,303
Advances from other funds	-	500,000	-
Total liabilities	307,641	746,546	134,192
Deferred inflows:			
Unavailable revenue	60,342	228,238	600,290
Fund balances:			
Nonspendable	500,000	-	-
Restricted	61,639	-	-
Assigned	1,834,000	-	1,757,002
Unassigned	1,497,372	(732,930)	-
Total fund balances	3,893,011	(732,930)	1,757,002
Total liabilities, deferred inflows and fund balances	$ 4,260,994	$ 241,854	$ 2,491,484

(Continued)

See accompanying notes.

Balance Sheet – Governmental Funds
September 30, 2016

	County Transportation Trust	Airport Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and equivalents	$ 315,968	$ 9,182	$ 2,134,516	$ 6,341,173
Due from other funds	1,193	-	46,099	1,176,285
Due from other governments	688,368	335,808	122,484	1,831,924
Receivables	287	1,028	102,894	902,777
Mortgage receivable	-	-	33,408	33,408
Advances to other funds	-	-	-	500,000
Total assets	$ 1,005,816	$ 346,018	$ 2,439,401	$ 10,785,567
Liabilities, deferred inflows and fund balances				
Liabilities:				
Accounts payable and accrued liabilities	$ 468,542	$ 123,966	$ 217,370	$ 1,058,136
Due to other funds	129,222	360,060	246,882	1,176,285
Advances from other funds	-	-	-	500,000
Total liabilities	597,764	484,026	464,252	2,734,421
Deferred inflows:				
Unavailable revenue	-	107,757	33,408	1,030,035
Fund balances:				
Nonspendable	-	-	-	500,000
Restricted	-	-	1,904,309	1,965,948
Assigned	408,052	-	139,822	4,138,876
Unassigned	-	(245,765)	(102,390)	416,287
Total fund balances	408,052	(245,765)	1,941,741	7,021,111
Total liabilities, deferred inflows and fund balances	$ 1,005,816	$ 346,018	$ 2,439,401	$ 10,785,567

(Concluded)

See accompanying notes.

Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds
September 30, 2016

Fund balances – total governmental funds	$	7,021,111
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		34,066,665
Long-term liabilities are not reported in the governmental funds.		
Note payable		(158,588)
Capital lease obligations		(275,630)
Landfills closure and long-term care costs		(316,569)
Other postemployment benefit obligations		(164,435)
Net pension liabiity		(12,915,396)
Compensated absences		(1,111,600)
Deferred outflows and inflows related to pensions are reported in governmental activities but not in governmental funds.		
Deferred outflows		7,877,750
Deferred inflows		(2,836,457)
Deferred inflows for earned but unavailable revenue are reported in the governmental funds but not in the statement of net position.		1,030,035
Net position of governmental activities	$	32,216,886

See accompanying notes.

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended September 30, 2016

	General Fund	Recreation and Libraries	EMS
Revenues			
Taxes	$ 5,762,191	$ 191,837	$ 1,246,938
Permits, fees and special assessments	63,270	-	-
Intergovernmental	3,066,437	67,351	244,498
Charges for services	635,357	53,268	1,129,902
Fines and forfeitures	500	-	-
Miscellaneous	242,176	1,194	34,653
Total revenues	9,769,931	313,650	2,655,991
Expenditures			
Current:			
General government	3,123,097	-	-
Public safety	5,295,847	-	2,834,242
Physical environment	70,829	-	-
Transportation	-	-	-
Economic environment	50,559	-	-
Human services	434,180	-	-
Culture and recreation	-	659,212	-
Court related	195,652	-	-
Debt service:			
Principal retirement	161,965	-	12,826
Interest and fiscal charges	11,339	-	-
Total expenditures	9,343,468	659,212	2,847,068
Excess of revenues over (under) expenditures	426,463	(345,562)	(191,077)
Other financing sources (uses)			
Debt issued	114,572	-	37,312
Transfers in	627,540	80,041	9,173
Transfers out	(850,170)	(29,233)	(50,026)
Total other financing sources (uses)	(108,058)	50,808	(3,541)
Net change in fund balances	318,405	(294,754)	(194,618)
Fund balances – beginning of year	3,574,606	(438,176)	1,951,620
Fund balances – end of year	$ 3,893,011	$ (732,930)	$ 1,757,002

(Continued)

See accompanying notes.

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended September 30, 2016

	County Transportation Trust	Airport Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	$ 498,451	$ -	$ -	$ 7,699,417
Permits, fees and special assessments	500	-	1,831,865	1,895,635
Intergovernmental	4,895,548	1,631,041	1,050,798	10,955,673
Charges for services	-	550	300,364	2,119,441
Fines and forfeitures	-	-	208,168	208,668
Miscellaneous	22,375	4,529	236,350	541,277
Total revenues	5,416,874	1,636,120	3,627,545	23,420,111
Expenditures				
Current:				
General government	-	-	2,999	3,126,096
Public safety	-	-	825,663	8,955,752
Physical environment	-	-	1,664,199	1,735,028
Transportation	5,518,064	1,399,716	-	6,917,780
Economic environment	-	-	331,772	382,331
Human services	-	-	83,373	517,553
Culture and recreation	-	-	-	659,212
Court related	-	-	559,939	755,591
Debt service:				
Principal retirement	-	-	76,693	251,484
Interest and fiscal charges	-	-	8,991	20,330
Total expenditures	5,518,064	1,399,716	3,553,629	23,321,157
Excess of revenues over (under) expenditures	(101,190)	236,404	73,916	98,954
Other financing sources (uses)				
Debt issued	-	-	50,000	201,884
Transfers in	250,000	-	510,956	1,477,710
Transfers out	-	-	(548,281)	(1,477,710)
Total other financing sources (uses)	250,000	-	12,675	201,884
Net change in fund balances	148,810	236,404	86,591	300,838
Fund balances – beginning of year	259,242	(482,169)	1,855,150	6,720,273
Fund balances – end of year	$ 408,052	$ (245,765)	$ 1,941,741	$ 7,021,111

(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, 2016

Net change in fund balances – total governmental funds	$	300,838
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		7,004,179
Current year depreciation expense		(1,699,960)
Loss on asset disposals		(20,021)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment does not effect net position of governmental activities.		
Principal payments		251,484
The issuance of long-term debt provides current financial resources for governmental funds, but does not affect net position of governmental activities.		
Notes payable		(50,000)
Capital leases		(151,884)
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		(466,400)
Landfill closure and long-term care costs		185,498
Other postemployment benefit obligations		(39,932)
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		(4,911,284)
Deferred outflows		3,356,368
Deferred inflows		808,712
Some revenues differ because of differences in measurement focus and basis of accounting.		(132,963)
Change in net position of governmental activities	$	4,434,635

See accompanying notes.

Statement of Fiduciary Net Position
September 30, 2016

	Agency Funds
Assets	
Cash	$ 861,983
Receivables	269
Total assets	862,252
Liabilities	
Assets held for others	862,252
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 or entities that would be misleading to exclude. 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 ($381,104 in 2016) 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.

Recreation and Libraries – This fund is used to account for and report the operations of the County's library and recreational facilities, including parks and boat ramps.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Deposits and Investments

Deposits of the county consist of cash placed in banks that qualify as "qualified public depositories", as required under 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 by this law to ensure that all funds are entirely insured or collateralized throughout the fiscal year pursuant to Chapter 280, Florida Statutes.

The County invests surplus funds pursuant to the guidelines established in Section 218.415, Florida Statutes, which authorizes investments in the following instruments: The Local Government Surplus Funds Trust Fund; Securities and Exchange Commission registered money market funds with the highest credit quality rating; savings accounts and certificates of deposit in qualified public depositories; and direct obligations of the U.S. Treasury.

The County has adopted GASB Statement No. 72, "*Fair Value Measurement and Application"*, and GASB Statement No. 79, *"Certain External Investment Pools and Pool Participants"*, during the year. These standards require categorization of fair value measurements within the fair value hierarchy, based on the valuation inputs used to measure the fair value of the asset. Investments in external pools, though measured at fair value, are not categorized within the fair value hierarchy.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The County invests in the Florida PRIME (the State Pool) which is administered by the State of Florida Board of Administration, who provides regulatory oversight. The State Pool is an external investment pool that meets all of the necessary criteria consistent with GASB Statement 79 to elect to measure all of the investments in the pool at amortized cost. Therefore, the County's investment in the State Pool is reported at amortized cost. The fair value of the position in the pool is equal to the value of the pool shares. The County's investments at September 30, 2016 are comprised of $19,956 invested in the SBA Florida PRIME state pool. These investments expose the County to credit risk and interest rate risk.

Credit Risk – The risk that an issuer or other countyparty to an investment will not fulfill its obligations. The State Pool is rated by Standard & Poors. The rating at September 30, 2016 was AAAm.

Interest Rate Risk – The risk that changes in interest rates will adversely affect the fair value of an investment. The portfolio's weighted average days to maturity (WAM – dollar weighted average maturity) for the State Pool at September 30, 2016 was 50 days.

The County does not have a formal investment policy relating to the aforementioned risks and follows Section 218.415, Florida Statutes, for investing public funds. That statute limits the County's exposure to credit risk and interest rate risk by limiting authorized investment options as previously described.

As of September 30, 2016, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100% of their account value.

Receivables

Accounts receivable are reported net of an allowance for uncollectible accounts of approximately $498,000. The allowance represents approximately 41% of gross ambulance service accounts receivable at September 30, 2016.

Capital Assets

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

provisions or enabling legislation. It is the practice of the County to utilize restricted assets before unrestricted assets.

Approximately $303,000 is included in restricted net position 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.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2016, interfund balances consisted of:

	Due From						
Due To	General Fund	Recreation and Libraries	EMS	County Transportation Trust	Airport	Nonmajor Govern-mental	Total
General fund	$ -	$ 227,990	$ 84,503	$ 129,222	$ 360,060	$ 245,274	$ 1,047,049
Recreation and libraries	4,302	-	-	-	-	-	4,302
EMS	77,227	-	-	-	-	415	77,642
County transportation trust	-	-	-	-	-	1,193	1,193
Nonmajor governmental	44,299	-	1,800	-	-	-	46,099
Totals	$ 125,828	$ 227,990	$ 86,303	$ 129,222	$ 360,060	$ 246,882	$ 1,176,285

NOTE 3 – INTERFUND BALANCES AND TRANSFERS (CONTINUED)

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.

Interfund transfers are summarized below:

	Transfers Out				
Transfers In	General Fund	Recreation and Libraries	EMS	Nonmajor Govern-mental	Total
General fund	$ -	$ 29,233	$ 50,026	$ 548,281	$ 627,540
Recreation and libraries	80,041	-	-	-	80,041
EMS	9,173	-	-	-	9,173
County transportation trust	250,000	-	-	-	250,000
Nonmajor governmental	510,956	-	-	-	510,956
Totals	$ 850,170	$ 29,233	$ 50,026	$ 548,281	$ 1,477,710

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, 2016, General Fund payables consisted of approximately 96% 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	Other Governmental Funds	Total
General government	$ -	$ 49,393	$ 49,393
Public safety	-	733,870	733,870
Physical environment	-	416,459	416,459
Transportation	-	127,059	127,059
Economic environment	53,472	208,535	262,007
Culture and recreation	-	126,742	126,742
Court related	748	195,627	196,375
Election grants	7,419	46,624	54,043
Total restricted fund balance	$ 61,639	$ 1,904,309	$ 1,965,948

Fund balance is assigned for the following purposes:

	General Fund	EMS	County Transportation Trust	Other Governmental Funds	Total
Public safety	$ -	$ 1,757,002	$ -	$ 139,822	$ 1,896,824
Transportation	-	-	408,052	-	408,052
Subsequent year's expenditures	1,834,000	-	-	-	1,834,000
Total assigned fund balance	$ 1,834,000	$ 1,757,002	$ 408,052	$ 139,822	$ 4,138,876

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, 2016 was $32,495, with future repayments requirements as follows:

NOTE 6 – MORTGAGE RECEIVABLE (CONTINUED)

Year Ending September 30,		Amount
2017	$	4,350
2018		4,350
2019		4,350
2020		4,350
2021		4,350
2022-2025		15,867
Total payments		37,617
Amount representing interest		5,122
Present value of mortgage receivable	$	32,495

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	$ 2,802,394	$ -	$ 20,021	$ 2,782,373
Construction in progress	309,555	2,680,711	-	2,990,266
Total capital assets not being depreciated	3,111,949	2,680,711	20,021	5,772,639
Capital assets being depreciated:				
Buildings	12,298,583	1,007,041	-	13,305,624
Improvements	5,955,911	410,640	-	6,366,551
Infrastructure	25,335,742	2,541,340	-	27,877,082
Equipment	12,595,105	364,447	75,430	12,884,122
Total capital assets being depreciated	56,185,341	4,323,468	75,430	60,433,379
Less accumulated depreciation for:				
Buildings	6,595,358	407,186	-	7,002,544
Improvements	2,227,745	210,975	-	2,438,720
Infrastructure	11,514,113	535,731	-	12,049,844
Equipment	10,177,607	546,068	75,430	10,648,245
Total accumulated depreciation	30,514,823	1,699,960	75,430	32,139,353
Total capital assets being depreciated, net	25,670,518	2,623,508	-	28,294,026
Capital assets, net	$ 28,782,467	$ 5,304,219	$ 20,021	$ 34,066,665

Depreciation expense was charged to governmental activities as follows:

General government	$ 82,675
Public safety	671,937
Physical environment	57,275
Transportation	602,719
Human services	22,735
Culture and recreation	254,504
Court related	8,115
Total	$ 1,699,960

NOTE 8 – LONG-TERM LIABILITIES

At September 30, 2016, the County's long-term liabilities consisted of:

Notes payable	$ 158,588
Capital lease obligations	275,630
Landfills closure and long-term care costs	316,569
Net pension liability	12,915,396
Other postemployment benefit obligations	164,435
Compensated absences	1,111,600
Total long-term liabilities	$ 14,942,218

Notes Payable

Notes Payable at September 30, 2016 consist of the following:

An agreement with a financial institution entered into on January 17, 2013 for purchase of equipment; payable from the Solid Waste Fund. The note is payable in annual installments of $56,726 and bears an interest rate of 2.93%.

An agreement with a financial institution entered into on August 19, 2016 for the purchase of a public safety telecommunication system with a maximum amount of $750,000; payable from the General Fund (with a pledge of the County's discretionary sales tax revenue) monthly for 60 months at a tax-exempt rate fixed at 2.77%. The first nine months of payments are interest only and subsequent payments are set at $13,414 per month until the full amount is repaid. As of September 30, 2016, the total amount outstanding was $50,000, with $700,000 remaining available to be drawn.

Year ending September 30,	Principal	Interest	Total
2017	$ 103,499	$ 4,536	$ 108,035
2018	55,089	1,637	56,726
Total	$ 158,588	$ 6,173	$ 164,761

Capital Lease Obligations

The County leases vehicles 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 EMS Fund and Solid Waste Fund (a non-major governmental fund). In the General Fund, the Sheriff leases vehicles under agreements that are classified as capital leases. These agreements bear interest rates from 5.45% to 5.7%.

Capital assets under capital lease include equipment totaling $518,002, less $140,942 accumulated amortization/depreciation for a carrying amount of $377,060. Amortization of leased equipment under capital assets is included with depreciation expense.

NOTE 8 – LONG-TERM LIABILITIES (CONTINUED)

The future minimum lease payments required and the present value of the net minimum lease payments at September 30, 2016 are as follows:

Year ending September 30,	Amount
2017	$ 151,904
2018	83,014
2019	28,957
2020	28,957
2021	898
Total minimum lease payments	293,730
Amount representing interest	18,100
Present value of net minimum lease payments	$ 275,630

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 $190,814 for the closure of its Construction and Demolition (C & D) Landfill based on the capacity used to date. This amount represents the complete closure costs for Phase I, which was effectively closed in June 2017, and Phase II closure costs pro-rated based on capacity used, which was approximately 3.5% as of September 30, 2016.

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 $125,755 for such estimated long-term care costs as of September 30, 2016 related to future long-term care of both phases of the C & D Landfill.

The County will recognize the remaining estimated cost of closure and long-term care of approximately $341,000 associated with its C & D Landfill as the remaining estimated capacity is used (estimated to be approximately 28 years for Phase II, as Phase I is effectively closed). 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 $416,459 for that requirement.

NOTE 8 – LONG-TERM LIABILITIES (CONTINUED)

Compensated Absences

The General Fund has historically been used to liquidate approximately 60% of compensated absences, while other funds have liquidated the remaining 40%.

NOTE 9 – CHANGES IN LONG-TERM LIABILITIES

A summary of changes in long-term liabilities follows:

	Balance October 1, 2015	Additions	Deductions	Balance September 30, 2016	Due Within One Year
Notes payable	$ 160,544	$ 50,000	$ 51,956	$ 158,588	$ 103,499
Capital lease obligations	323,274	151,884	199,528	275,630	141,799
Landfills closure and long-term care costs	502,067	-	185,498	316,569	-
Other postemployment benefit obligations	124,503	39,932	-	164,435	-
Net pension liability	8,004,112	4,911,284	-	12,915,396	77,200
Compensated absences	645,200	1,115,300	648,900	1,111,600	597,000
Total	$ 9,759,700	$6,268,400	$1,085,882	$ 14,942,218	$ 919,498

NOTE 10 – STATE OF FLORIDA PENSION PLANS

Defined Benefit Plans

The County 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 is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

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

NOTE 10 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

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.

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 employer 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, 2016, were as follows:

	FRS	HIS
Regular class	5.86%	1.66%
Special risk class	20.91%	1.66%
Senior management service class	20.11%	1.66%
Elected officials	40.81%	1.66%
DROP from FRS	11.33%	1.66%

The employer's contributions for the year ended September 30, 2016, were $1,045,863 to the FRS and $122,635 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, 2016, the County reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2016, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2016. 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	$ 10,237,985	$ 2,677,411
Proportion at:		
Current measurement date	0.0405%	0.0230%
Prior measurement date	0.0425%	0.0247%
Pension expense (benefit)	$ 1,700,516	$ 214,187

Deferred Outflows/Inflows of Resources Related to Pensions

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

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 783,899	$ 95,323	$ -	$ 6,098
Changes of assumptions	619,367	-	420,154	-
Net difference between projected and actual earnings on pension plan investments	4,709,854	2,063,459	1,354	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	941,375	515,177	75,737	156,400
Employer contributions subsequent to the measurement date	293,576	-	32,434	-
Total	$ 7,348,071	$ 2,673,959	$ 529,679	$ 162,498

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, 2017. 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
2017	$ 693,047	$ 66,503
2018	693,047	66,503
2019	1,721,175	66,503
2020	1,118,160	66,503
2021	132,405	42,026
Thereafter	22,702	26,709
Total	$ 4,380,536	$ 334,747

Actuarial Assumptions

The total pension liability for each of the defined benefit plans, measured as of June 30, 2016, was determined by an actuarial valuation dated July 1, 2016, 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	7.60%	N/A
Discount rate	7.60%	2.85%

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, 2016 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 2016:

FRS: The long-term expected rate of return and the discount rate used to determine the total pension liability decreased from 7.65% to 7.60%.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 3.80% to 2.85%.

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 consulting actuary's assumptions based on the Long-term target asset allocation. The reduced investment return assumption of 7.60 percent, which was adopted by the Florida Retirement System Actuarial Assumption Conference, conflicts with the consulting actuary's judgment of a reasonable assumption as defined by Actuarial Standards of Practice No. 27.

NOTE 10 – STATE OF FLORIDA PENSION PLANS (CONTINUED)

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1%	3.0%	3.0%
Fixed income	18%	4.7%	4.6%
Global equity	53%	8.1%	6.8%
Real estate	10%	6.4%	5.8%
Private equity	6%	11.5%	7.8%
Strategic investments	12%	6.1%	5.6%
	100%		

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 7.60%. 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 2.85% 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 employer'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 (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)	1% Decrease (1.85%)	Current Discount Rate (2.85%)	1% Increase (3.85%)
Employer's proportionate share of the net pension liability	$ 18,848,824	$10,237,985	$ 3,070,599	$ 3,070,599	$2,677,411	$ 2,350,257

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, 2016, totaled $136,625.

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

At September 30, 2016, the Recreation and Libraries Fund and the Airport Fund, both major governmental funds, had deficit fund balances of $732,930 and $245,765 respectively. The County intends to resolve these deficits through grant funding.

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 benefits are provided explicitly and in the form of an implicit rate subsidy where retirees receive health insurance coverage by paying a combined retiree/active rate or reduced subsidy rate. Benefit provisions are established and may be amended by the Dixie County Board of County Commissioners.

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.

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

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 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, 2015, the date of the latest actuarial valuation, plan participation consisted of 190 active employees and 2 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 for the plan. 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	$ 57,687
Interest on net OPEB obligation	4,981
Adjustments to ARC	(7,458)
Annual OPEB cost (expense)	55,210
Contributions made	(15,278)
Increase in net OPEB obligation	39,932
Net OPEB obligation - beginning of year	124,503
Net OPEB obligation - end of year	$ 164,435

Trend Information:

Year Ended	Annual OPEB Cost	Actual Employer Contribution	Percentage Contributed	Net OPEB Obligation
9/30/2016	$ 55,210	$ 15,278	27.67%	$ 164,435
9/30/2015	33,640	13,019	38.70%	124,503
9/30/2014	33,430	13,019	38.94%	103,882

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	4.0%
Payroll growth rate	0%
Inflation rate	3.0%
Mortality	RP-2000 Generational mortality table
Healthcare cost trend rate	8.75% in fiscal year 2017; decreasing each year until reaching ultimate trend rate of 4.0% in 2073.

Funded Status and Funding Progress – The OPEB contributions made for the 2016 fiscal year were 27.67% of the annual OPEB cost. As of the actuarial valuation report dated October 1, 2015, the actuarial value of assets was $0, the actuarial accrued liability for benefits was $308,318 the unfunded actuarial accrued liability (UAAL) was also $308,318 the funded ratio was 0%, the covered payroll was $6,655,505 and the UAAL as a percentage of covered payroll was 4.6%

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 on the pattern of cost sharing between the employer and plan members in the future.

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 – SUBSEQUENT EVENTS

Subsequent to September 30, 2016, the County drew $700,000 additional funds against its note payable described in Note 8 for the purchase of a public safety telecommunication system, bringing the total amount of the note payable to $750,000, the full amount authorized.

NOTE 16 – FUTURE ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board has issued statements that will become effective in 2017. The statements address:

- Certain pension issues;
- Other postemployment benefit (OPEB) plans;
- Tax abatement disclosures; and
- Blending certain component units.

The County is currently evaluating the effects that these statements will have on its financial statements for 2017.

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – General Fund
Year ended September 30, 2016

	Budgeted Amounts		Actual	Variance with Final
	Original	Final	Amounts	Budget
Revenues				
Taxes	$ 5,392,356	$ 5,392,356	$ 5,762,191	$ 369,835
Permits, fees and special assessments	76,500	76,500	63,270	(13,230)
Intergovernmental	2,663,991	2,702,053	3,066,437	364,384
Charges for services	417,895	429,300	635,357	206,057
Fines and forfeitures	3,450	3,450	500	(2,950)
Miscellaneous	27,180	29,180	242,176	212,996
Total revenues	8,581,372	8,632,839	9,769,931	1,137,092
Expenditures				
Current:				
General government	3,401,817	3,615,798	3,123,097	492,701
Public safety	5,814,971	5,027,784	5,295,847	(268,063)
Physical environment	83,814	83,814	70,829	12,985
Economic environment	70,456	70,456	50,559	19,897
Human services	581,091	582,475	434,180	148,295
Court related	140,339	228,064	195,652	32,412
Reserve for contingencies	201,045	188,268	-	188,268
Debt service:				
Principal retirement	-	161,965	161,965	-
Interest and fiscal charges	-	11,339	11,339	-
Total expenditures	10,293,533	9,969,963	9,343,468	626,495
Excess of revenues over (under) expenditures	(1,712,161)	(1,337,124)	426,463	1,763,587
Other financing sources (uses)				
Debt issued	-	-	114,572	114,572
Transfers in	-	-	627,540	627,540
Transfers out	(108,202)	(669,418)	(850,170)	(180,752)
Total other financing sources (uses)	(108,202)	(669,418)	(108,058)	561,360
Net change in fund balances	(1,820,363)	(2,006,542)	318,405	2,324,947
Fund balances – beginning of year	1,820,363	2,006,542	3,574,606	1,568,064
Fund balances – end of year	$ -	$ -	$ 3,893,011	$ 3,893,011

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 – Recreation and Libraries
Year ended September 30, 2016

	Budgeted Amounts		Actual	Variance with Final
	Original	Final	Amounts	Budget
Revenues				
Taxes	$ 184,054	$ 184,054	$ 191,837	$ 7,783
Intergovernmental	389,500	389,500	67,351	(322,149)
Charges for services	48,500	48,500	53,268	4,768
Miscellaneous	60	60	1,194	1,134
Total revenues	622,114	622,114	313,650	(308,464)
Expenditures				
Current:				
Culture and recreation	740,854	740,854	659,212	81,642
Reserve for contingencies	5,000	5,000	-	5,000
Total expenditures	745,854	745,854	659,212	86,642
Excess of revenues under expenditures	(123,740)	(123,740)	(345,562)	(221,822)
Other financing sources (uses)				
Transfers in	78,630	78,630	80,041	1,411
Transfers out	(28,000)	(28,000)	(29,233)	(1,233)
Total other financing sources (uses)	50,630	50,630	50,808	178
Net change in fund balances	(73,110)	(73,110)	(294,754)	(221,644)
Fund balances – beginning of year	73,110	73,110	(438,176)	(511,286)
Fund balances – end of year	$ -	$ -	$ (732,930)	$ (732,930)

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, 2016

	Budgeted Amounts		Actual	Variance with Final
	Original	Final	Amounts	Budget
Revenues				
Taxes	$ 1,167,391	$ 1,167,391	$ 1,246,938	$ 79,547
Intergovernmental	390,500	390,500	244,498	(146,002)
Charges for services	890,000	890,000	1,129,902	239,902
Miscellaneous	50	50	34,653	34,603
Total revenues	2,447,941	2,447,941	2,655,991	208,050
Expenditures				
Current:				
Public safety	2,884,872	2,884,872	2,834,242	50,630
Reserve for contingencies	404	404	-	404
Debt service:				
Principal retirement	-	-	12,826	(12,826)
Total expenditures	2,885,276	2,885,276	2,847,068	38,208
Excess of revenues over (under) expenditures	(436,931)	(436,931)	(191,077)	258,680
Other financing sources (uses)				
Debt issued	-	-	37,312	37,312
Transfers in	-	-	9,173	9,173
Transfers out	(42,000)	(42,000)	(50,026)	(8,026)
Total other financing sources (uses)	(42,000)	(42,000)	(3,541)	38,459
Net change in fund balances	(478,931)	(478,931)	(194,618)	284,313
Fund balances – beginning of year	479,335	479,335	1,951,620	1,472,285
Fund balances – end of year	$ 404	$ 404	$ 1,757,002	$ 1,756,598

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 – County Transportation Trust
Year ended September 30, 2016

	Budgeted Amounts		Actual	Variance with Final
	Original	Final	Amounts	Budget
Revenues				
Taxes	$ 440,000	$ 440,000	$ 498,451	$ 58,451
Permits, fees and special assessments	1,000	1,000	500	(500)
Intergovernmental	4,548,173	4,548,173	4,895,548	347,375
Miscellaneous	11,200	11,200	22,375	11,175
Total revenues	5,000,373	5,000,373	5,416,874	416,501
Expenditures				
Current:				
Transportation	5,693,890	5,693,890	5,518,064	175,826
Reserve for contingencies	50,000	50,000	-	50,000
Debt service:				
Principal retirement	37,000	37,000	-	37,000
Interest and fiscal charges	980	980	-	980
Total expenditures	5,781,870	5,781,870	5,518,064	263,806
Excess of revenues over (under) expenditures	(781,497)	(781,497)	(101,190)	680,307
Other financing sources				
Transfers in	518,497	518,497	250,000	(268,497)
Net change in fund balances	(263,000)	(263,000)	148,810	411,810
Fund balances – beginning of year	263,000	263,000	259,242	(3,758)
Fund balances – end of year	$ -	$ -	$ 408,052	$ 408,052

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, 2016

	Budgeted Amounts		Actual	Variance with Final
	Original	Final	Amounts	Budget
Revenues				
Intergovernmental	1,492,952	1,883,952	$ 1,631,041	$ (252,911)
Charges for services	900	900	550	(350)
Miscellaneous	8,050	8,050	4,529	(3,521)
Total revenues	1,501,902	1,892,902	1,636,120	(256,782)
Expenditures				
Current:				
Transportation	1,520,100	1,911,100	1,399,716	511,384
Net change in fund balances	(18,198)	(18,198)	236,404	254,602
Fund balances – beginning of year	20,000	20,000	(482,169)	(502,169)
Fund balances – end of year	$ 1,802	$ 1,802	$ (245,765)	$ (247,567)

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
10/1/2015	$ -	$ 308,318	$ 308,318	-	$ 6,655,505	4.6%
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	2016	2015
Employer's proportion of the net pension liability (asset)	**0.0405%**	0.0425%
Employer's proportionate share of the net pension liability (asset)	**$ 10,237,985**	$ 5,484,238
Employer's covered-employee payroll (2)	**$ 7,093,803**	$ 7,496,858
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	**144.32%**	73.15%
Plan fiduciary net position as a percentage of the total pension liability	**84.88%**	92.00%

Health Insurance Subsidy Program	2016	2015
Employer's proportion of the net pension liability (asset)	**0.0230%**	0.0247%
Employer's proportionate share of the net pension liability (asset)	**$ 2,677,411**	$ 2,519,874
Employer's covered-employee payroll (2)	**$ 7,093,803**	$ 7,496,858
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	**37.74%**	33.61%
Plan fiduciary net position as a percentage of the total pension liability	**0.97%**	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	2016	2015
Contractually required contribution	**$ 1,045,863**	$ 1,030,289
Contributions in relation to the contractually required contribution	**1,045,863**	1,030,289
Contribution deficiency (excess)	**$ -**	$ -
Employer's covered-employee payroll (1)	**$ 7,380,745**	$ 7,421,285
Contributions as a percentage of covered-employee payroll	**14.17%**	13.88%

Health Insurance Subsidy Program	2016	2015
Contractually required contribution	**$ 122,635**	$ 100,139
Contributions in relation to the contractually required contribution	**122,635**	100,139
Contribution deficiency (excess)	**$ -**	$ -
Employer's covered-employee payroll (1)	**$ 7,380,745**	$ 7,421,285
Contributions as a percentage of covered-employee payroll	**1.66%**	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, 2016

	Special Revenue Funds			
	Law Library	Fire District	Solid Waste Disposal	Court Facilities
Assets				
Cash and equivalents	$ 61,070	$ 112,469	$ 457,390	$ 123,614
Due from other funds	577	5,629	11,025	1,874
Due from other governments	-	200	103,285	-
Receivables	-	-	98,561	-
Mortgage receivable	-	-	-	-
Total assets	$ 61,647	$ 118,298	$ 670,261	$ 125,488
Liabilities, deferred inflows and fund balances				
Liabilities:				
Accounts payable and accrued liabilities	$ 746	$ 26,360	$ 80,614	$ -
Due to other funds	54	33,553	194,552	-
Total liabilities	800	59,913	275,166	-
Deferred inflows:				
Unavailable revenue	-	-	-	-
Fund balances:				
Restricted	60,847	139,411	416,459	125,488
Assigned	-	-	-	-
Unassigned	-	(81,026)	(21,364)	-
Total fund balances	60,847	58,385	395,095	125,488
Total liabilities, deferred inflows and fund balances	$ 61,647	$ 118,298	$ 670,261	$ 125,488

(Continued)

Combining Balance Sheet – Nonmajor Governmental Funds
September 30, 2016

	Special Revenue Funds			
	Law Enforce-ment Trust	State Housing Initiative Program	E-911	Fine and Forfeiture
Assets				
Cash and equivalents	$ 219,421	$ 248,161	$ 121,081	$ 66,112
Due from other funds	692	-	25	5,229
Due from other governments	-	-	18,164	-
Receivables	-	-	-	-
Mortgage receivable	-	33,408	-	-
Total assets	$ 220,113	$ 281,569	$ 139,270	$ 71,341
Liabilities, deferred inflows and fund balances				
Liabilities:				
Accounts payable and accrued liabilities	$ -	$ 39,626	$ 2,552	$ 4,580
Due to other funds	-	-	3,146	44
Total liabilities	-	39,626	5,698	4,624
Deferred inflows:				
Unavailable revenue	-	33,408	-	-
Fund balances:				
Restricted	220,113	208,535	133,572	66,717
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	220,113	208,535	133,572	66,717
Total liabilities, deferred inflows and fund balances	$ 220,113	$ 281,569	$ 139,270	$ 71,341

(Continued)

Combining Balance Sheet – Nonmajor Governmental Funds
September 30, 2016

	Special Revenue Funds			
	Impact Fee	CDBG	Court Operating Fund	Records Moderni-zation Trust
Assets				
Cash and equivalents	$ 477,251	$ -	$ 56,542	$ 55,916
Due from other funds	-	-	21,048	-
Due from other governments	-	835	-	-
Receivables	-	-	-	-
Mortgage receivable	-	-	-	-
Total assets	$ 477,251	$ 835	$ 77,590	$ 55,916
Liabilities, deferred inflows and fund balances				
Liabilities:				
Accounts payable and accrued liabilities	$ -	$ -	$ 62,892	$ -
Due to other funds	-	835	14,698	-
Total liabilities	-	835	77,590	-
Deferred inflows:				
Unavailable revenue	-	-	-	-
Fund balances:				
Restricted	477,251	-	-	55,916
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	477,251	-	-	55,916
Total liabilities, deferred inflows and fund balances	$ 477,251	$ 835	$ 77,590	$ 55,916

(Continued)

Combining Balance Sheet – Nonmajor Governmental Funds
September 30, 2016

	Special Revenue Funds	
	Inmate Welfare Fund	Totals
Assets		
Cash and equivalents	$ 135,489	$ 2,134,516
Due from other funds	-	46,099
Due from other governments	-	122,484
Receivables	4,333	102,894
Mortgage receivable	-	33,408
Total assets	$ 139,822	$ 2,439,401
Liabilities, deferred inflows and fund balances		
Liabilities:		
Accounts payable and accrued labilities	$ -	$ 217,370
Due to other funds	-	246,882
Total liabilities	-	464,252
Deferred inflows:		
Unavailable revenue	-	33,408
Fund balances:		
Restricted	-	1,904,309
Assigned	139,822	139,822
Unassigned	-	(102,390)
Total fund balances	139,822	1,941,741
Total liabilities, deferred inflows and fund balances	$ 139,822	$ 2,439,401

(Concluded)

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year ended September 30, 2016

	Special Revenue Funds			
	Law Library	Fire District	Solid Waste Disposal	Court Facilities
Revenues				
Taxes	$ -	$ -	$ -	$ -
Permits, fees and special assessments	-	463,340	1,325,346	-
Intergovernmental	-	54,769	133,921	-
Charges for services	9,175	300	123,711	-
Fines and forfeitures	-	-	-	21,477
Miscellaneous	33	10,363	170,377	195
Total revenues	9,208	528,772	1,753,355	21,672
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	517,062	-	-
Physical environment	-	-	1,664,199	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Human services	767	-	82,606	-
Culture and recreation	-	-	-	-
Court related	15,251	-	-	32,112
Debt service:				
Principal retirement	-	-	76,693	-
Interest and fiscal charges	-	-	8,991	-
Total expenditures	16,018	517,062	1,832,489	32,112
Excess of revenues over (under) expenditures	(6,810)	11,710	(79,134)	(10,440)
Other financing sources (uses)				
Debt issued	-	-	-	-
Transfers in	-	3,492	213,755	-
Transfers out	-	(41,095)	(188,791)	-
Total other financing sources (uses)	-	(37,603)	24,964	-
Net change in fund balances	(6,810)	(25,893)	(54,170)	(10,440)
Fund balances – beginning of year	67,657	84,278	449,265	135,928
Fund balances – end of year	$ 60,847	$ 58,385	$ 395,095	$ 125,488

(Continued)

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year ended September 30, 2016

	Special Revenue Funds			
	Law Enforce-ment Trust	State Housing Initiative Program	E-911	Fine and Forfeiture
Revenues				
Taxes	$ -	$ -	$ -	$ -
Permits, fees and special assessments	-	-	-	-
Intergovernmental	56,377	450,000	130,103	-
Charges for services	5,134	-	27,391	-
Fines and forfeitures	13,628	-	-	11,264
Miscellaneous	352	4,387	40	(103)
Total revenues	75,491	454,387	157,534	11,161
Expenditures				
Current:				
General government	-	-	-	-
Public safety	95,531	-	180,719	31,468
Physical environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	330,937	-	-
Human services	-	-	-	-
Culture and recreation	-	-	-	-
Court related	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	95,531	330,937	180,719	31,468
Excess of revenues over (under) expenditures	(20,040)	123,450	(23,185)	(20,307)
Other financing sources (uses)				
Debt issued	-	-	-	50,000
Transfers in	-	-	293,709	-
Transfers out	(24,686)	-	(293,709)	-
Total other financing sources (uses)	(24,686)	-	-	50,000
Net change in fund balances	(44,726)	123,450	(23,185)	29,693
Fund balances – beginning of year	264,839	85,085	156,757	37,024
Fund balances – end of year	$ 220,113	$ 208,535	$ 133,572	$ 66,717

(Continued)

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year ended September 30, 2016

	Special Revenue Funds			
	Impact Fee	CDBG	Court Operating Fund	Records Moderni-zation Trust
Revenues				
Taxes	$ -	$ -	$ -	$ -
Permits, fees and special assessments	43,179	-	-	-
Intergovernmental	-	835	224,793	-
Charges for services	-	-	114,488	20,165
Fines and forfeitures	-	-	146,466	15,333
Miscellaneous	679	-	236	27
Total revenues	43,858	835	485,983	35,525
Expenditures				
Current:				
General government	1	-	-	2,998
Public safety	-	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	835	-	-
Human services	-	-	-	-
Culture and recreation	-	-	-	-
Court related	-	-	485,983	26,593
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	1	835	485,983	29,591
Excess of revenues over (under) expenditures	43,857	-	-	5,934
Other financing sources (uses)				
Debt issued	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	43,857	-	-	5,934
Fund balances – beginning of year	433,394	-	-	49,982
Fund balances – end of year	$ 477,251	$ -	$ -	$ 55,916

(Continued)

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
September 30, 2016

	Inmate Welfare Fund	Totals
Revenues		
Permits, fees and special assessments	$ -	$ 1,831,865
Intergovernmental	-	1,050,798
Charges for services	-	300,364
Fines and forfeitures	-	208,168
Miscellaneous	49,764	236,350
Total revenues	49,764	3,627,545
Expenditures		
Current:		
General government	-	2,999
Public safety	883	825,663
Physical environment	-	1,664,199
Economic environment	-	331,772
Human services	-	83,373
Court related	-	559,939
Debt service:		
Principal retirement	-	76,693
Interest and fiscal charges	-	8,991
Total expenditures	883	3,553,629
Excess of revenues over (under) expenditures	48,881	73,916
Other financing sources (uses)		
Debt issued	-	50,000
Transfers in	-	510,956
Transfers out	-	(548,281)
Total other financing sources (uses)	-	12,675
Net change in fund balances	48,881	86,591
Fund balances – beginning of year	90,941	1,855,150
Fund balances – end of year	$ 139,822	$ 1,941,741

(Concluded)

Combining Statement of Fiduciary Net Position
September 30, 2016

	Agency Funds			
	Clerk of the Circuit Court	Sheriff	Tax Collector	Totals
Assets				
Cash	$ 499,935	$ 20,922	$ 341,126	$ 861,983
Receivables	-	-	269	269
Total assets	499,935	20,922	341,395	862,252
Liabilities				
Assets held for others	499,935	20,922	341,395	862,252
Net position	$ -	$ -	$ -	$ -

Schedule of Expenditures of Federal Awards and State Financial Assistance
Year ended September 30, 2016

Federal Awards	Federal CFDA Number	Contract Number	Expenditures	Program Total
U.S. Department of Transportation/Federal Aviation Administration				
Direct:				
Airport Improvement Program	20.106	3-12-015-011-2015	$ 123,793	
U.S. Department of Health and Human Services				
Passed through the State Department of Revenue:				
Title IVD – Child Support Enforcement Program	93.563	CE315	82,853	
U.S. Department of Justice				
Passed through the State Department of Law Enforcement:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-JAGC-DIXI-1-R3-006	31,791	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-JAGC-DIXI-1-H3-213	24,586	$ 56,377
U.S Department of Agriculture				
Passed through State Department of Agriculture and Consumer Services - Florida Forest Services				
Volunteer Fire Assistance Federal Cost-Share Program	10.664	VFA793	3,958	
U.S. Department of Homeland Security				
Direct:				
Staffing for adequate Fire and Emergency Response	97.083	EMW-2012-FH-00261	50,811	
Passed through the State Department of Economic Opportunity:				
Emergency Management Performance Grant (EMPG)	97.042	16-FG-5A-03-25-01-081	24,050	
Emergency Management Performance Grant (EMPG)	97.042	17-FG-P9-10-40-01-104	7,369	31,419
Community Development Block Grants	14.228	16-DB-OK-03-25-01-N 32	835	
Passed through the State of Florida Division of Emergency Management:				
Homeland Security Grant Program (ODP)	97.067	15-DS-P4-03-25-01-475	12,000	
Total expenditures of federal awards			$ 362,046	

The accompanying notes are an integral part of this schedule.

(Continued)

Schedule of Expenditures of Federal Awards and State Financial Assistance
Year ended September 30, 2016

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	$ 92,201	
EMPA Base Grant	31.063	17-BG-83-03-25-01-021	33,476	$ 125,677
Department of Environmental Protection				
Small County Consolidated Grants	37.012	606SC	90,000	
Florida Department of Agriculture and Consumer Services				
Mosquito Control/Waste Tire Abatement	42.003	22282	34,462	
Florida Department of State and Secretary of State				
State Aid to Libraries	45.030	16-ST-87	56,740	
Florida Housing Finance Program				
State Housing Initiatives Partnership Program	40.901	40.901	330,938	
Florida Department of Transportation				
Aviation Development Grant - Cross City Airport	55.004	216870-3-94-14/AR474	650,871	
Aviation Development Grant - Cross City Airport	55.004	216870-3-94-15/AR474	381,211	
Aviation Development Grant - Cross City Airport	55.004	216870-3-94-16/AR474	163,871	
Aviation Development Grant - Cross City Airport	55.004	436766-1-94-16/G0552	55,638	1,251,591
Small County Outreach Program:				
CR 351 from Horseshoe Beach to CR 357	55.009	435334-1-58-01/ARB13	316,319	
SE 557 from Lee Cemetery to CR 55A	55.009	432778-1-54-01/G0567	22,025	338,344
Small County Road Assistance Program:				
CR 351 from Horseshoe Beach to CR 357	55.016	431613-1-58-01/ARB17	1,959,311	
CR 351 from SW 318 St/SE 163	55.016	431614-1-58-01/ARN86	1,271,147	
CR 349 Lancaster Rd to 19	55.016	432795-1-54-01/G0578	123,960	3,354,418
Department of Fish and Wildlife Conservation Commissions				
Florida Boating Improvement Program	77.006	15082	228,238	
Department of Management Services				
E911 Maintenance	72.001	15-10-05	46,103	
E911 Maintenance	72.001	16-04-06	13,671	59,774
Total expenditures of state financial assistance			$ 5,870,182	

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 this schedule requires management to make various estimates. Actual results could differ from those estimates.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized when they become a demand on current available financial resources. Expenditures on contracts dated before or on December 26, 2014 are recognized following the cost principles in OMB Circular A-133, and expenditures on all subsequent contracts are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – INDIRECT COST RATE

The County did not elect to charge the 10% de minimis indirect cost rate or any other indirect cost rate to any federal or state programs.

NOTE 4 – SUBRECIPIENTS

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

Additional Elements Required by the Rules of the Auditor General

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
4010 N.W. 25th Place
Gainesville, Florida 32606
P.O. Box 13494
Gainesville, Florida 32604

(352) 372-6300
(352) 375-1583 (fax)
www.cricpa.com

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, 2016, and have issued our report thereon dated November 2, 2017.

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 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 2015-004.

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, 2016, 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, 2016.

Other Matters

Section 10.554(1)(i)(2), Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. Such a recommendation is included in the accompanying Schedule of Findings and Questioned Costs as item 2016-007.

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 its 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
November 2, 2017

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
4010 N.W. 25th Place
Gainesville, Florida 32606
P.O. Box 13494
Gainesville, Florida 32604

(352) 372-6300
(352) 375-1583 (fax)
www.cricpa.com

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 period October 1, 2015 to September 30, 2016. Management of the County is responsible for the County's compliance with the specified requirements. Our responsibility is to express an opinion on the County's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the County complied, in all material respects, with the specified requirements referenced above. An examination includes performing procedures to obtain evidence about whether the County complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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 during the period October 1, 2015 to September 30, 2016.

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
November 2, 2017

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
4010 N.W. 25th Place
Gainesville, Florida 32606
P.O. Box 13494
Gainesville, Florida 32604

(352) 372-6300
(352) 375-1583 (fax)
www.cricpa.com

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 period October 1, 2015 to September 30, 2016. Management of the County is responsible for the County's compliance with the specified requirements. Our responsibility is to express an opinion on the County's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the County complied, in all material respects, with the specified requirements referenced above. An examination includes performing procedures to obtain evidence about whether the County complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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 during the period October 1, 2015 to September 30, 2016.

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
November 2, 2017

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
4010 N.W. 25th Place
Gainesville, Florida 32606
P.O. Box 13494
Gainesville, Florida 32604

(352) 372-6300
(352) 375-1583 (fax)
www.cricpa.com

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, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated November 2, 2017.

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.

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 and Questioned Costs as items 2016-001, 2016-002, 2016-003, 2016-004 and 2016-005 to be a material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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
November 2, 2017

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
4010 N.W. 25th Place
Gainesville, Florida 32606
P.O. Box 13494
Gainesville, Florida 32604

(352) 372-6300
(352) 375-1583 (fax)
www.cricpa.com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

The Honorable County Commissioners
Dixie County, Florida

Report on Compliance for Each Major State Project

We have audited the compliance of Dixie County, Florida (the "County") with the types of compliance requirements described in the Department of Financial Services' State Projects *Compliance Supplement* that could have a direct and material effect on each of the County's major state projects for the year ended September 30, 2016. The County's major state projects are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the statutes, regulations, and the terms and conditions of its state awards applicable to its state projects.

Auditor's Responsibility

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

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

Opinion on Each Major State Project

In our opinion, 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 state projects for the year ended September 30, 2016.

Report on Internal Control Over Compliance

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

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 state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2016-006 to be a significant deficiency.

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

The 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 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
November 2, 2017

Schedule of Findings and Questioned Costs

PART I – SUMMARY OF AUDITOR'S RESULTS

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

(ii) The audit reported a significant deficiency 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 state projects. Significant deficiencies were reported in internal control over major state projects.

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

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

(vii) The County's major state projects were:

State Projects	CSFA Number
Small County Road Assistance Program	55.016
Small County Outreach Program	55.009
Aviation Development	55.004
State Housing Initiatives Program	40.901

(viii) A threshold of $300,000 was used to distinguish between Type A and Type B projects.

PART II – FINANCIAL STATEMENT FINDINGS

2016-001 (Reported in previous audit reports as items 2015-001 and 2014-001)

Criteria – Management should record all necessary journal entries and prepare the financial statements in conformity with generally accepted accounting principles.

Condition — As part of the audit we proposed material adjustments to the County's financial statements and it was necessary for us to assist in the preparation of the financial statements.

Cause – The staff do not possess sufficient skills to record all required journal entries and prepare the financial statements in conformity with generally accepted accounting principles.

Effect – Management are not able to prepare the financial statements 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.

2016-002 (Similar to previously reported items 2015-002 and 2014-002.)

Criteria: The internal control environment should include adequate segregation of duties within significant processes.

Condition: Currently, there is not adequate segregation of duties so that no one employee has access to the accounting records and all phases of recording a transaction.

Cause: The staffing levels at the County are not sufficient for adequate segregation of duties in all areas.

Effect: The risk of payroll misstatement or fraud is enhanced.

Recommendation: In order to enhance controls over recording transactions they should be reviewed and approved by someone other than the person creating the transaction.

2016-003 (Reported in previous audit reports as items 2015-003 and 2014-003)

Criteria – Per rule 69I-73.006, Florida Administrative Code, management are required to perform a physical inventory count of all tangible property.

Condition — The County did not perform a physical inventory count of tangible assets in the current year.

Cause – The staffing levels are not sufficient to perform the physical inventory count.

Effect – The risk of inaccuracies in the tangible property records is enhanced.

Recommendation — The County should perform a physical inventory of tangible property annually.

2016-004 **Criteria –** The internal control environment should include adequate segregation of duties within the financial reporting IT systems.

Condition — Members of the Accounting department have excessive access to the financial reporting IT systems.

Cause – The staffing levels are not sufficient for adequate segregation of duties in the IT systems.

Effect – The risk of management fraud is enhanced.

Recommendation — Where possible, the Office should restrict access to IT systems or functions or should provide compensating controls.

2016-005 (Reported in previous audit reports as items 2015-005 and 2014-006)

Criteria – The Recreation and Library Fund should make repayments on the long-term loan due to the General Fund.

Condition — The Recreation and Library Fund has a deficit fund balance and a long-term payable to the General Fund. The fund balance deficit increased in the current year and no repayments were made to reduce the long-term loan.

Cause – The County anticipates grant funding to be received to enable the Recreation and Library Fund to repay the loan but in the current year management determined that the grant funding received was not sufficient to enable repayments to be made.

Effect – 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.

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 the payments are made consistently to reduce the balance.

PART III – FINDINGS AND QUESTIONED COSTS – STATE PROJECTS

		Questioned Costs
2016-006	(Reported in previous audit reports as items 2015-008 and 2014-008) CSFA 40.901, CSFA 55.004, CSFA 55.009, and CSFA 55.016 **Criteria –** The County should have the ability to prepare a complete and accurate Schedule of Expenditures of State Financial Assistance. **Condition** – The County's procedures are not adequate to ensure the proper identification of financial assistance programs and preparation of an accurate Schedule of Expenditures of State Financial Assistance as required by the Florida Single Audit Act.	

Cause – The staff do not possess sufficient skills to prepare the Schedule of Expenditures of State Financial Assistance.

Effect – Management is not able to prepare the Schedule of Expenditures of State Financial Assistance as required by the Florida Single Audit Act.

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

PART IV – COMMENTS ON PRIOR YEAR FEDERAL SINGLE AUDIT FINDINGS

2016-007 (Reported in previous audit reports as items 2015-006 and 2014-007)

Criteria – The County should have the ability to prepare a complete and accurate Schedule of Expenditures of Federal Awards.

Condition – The County's procedures are not adequate to ensure the proper identification of financial assistance programs and preparations of an accurate Schedule of Expenditures of Federal Awards.

Cause – The staff do not possess sufficient skills to prepare the Schedule of Expenditures of Federal Awards.

Effect – Management is not able to prepare the Schedule of Expenditures of Federal Awards.

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

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

Prior Audit Findings	Current Status
2015-006 (CFDA 97.083 and 20.106) **2015-008** (CSFA 55.016 and 52.901) 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.
2015-007 (CFDA 20.106) The auditor found that when awarding construction contracts funded by the Airport Improvement Program, the County should include a provision that the contractor or subcontractor shall comply with the requirements that laborers and mechanics must be paid prevailing wage rates established for the locality by the Department of Labor.	Resolved.

(352) 498-1205
FAX (352) 498-1476
S/C 656-1205

Dana D. Johnson
Clerk of the Circuit Court

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

October 27, 2017

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, 2016

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

2016-001 (Reported in previous audit reports as items 2015-001 and 2014-001.)

Criteria – Management should record all necessary journal entries and prepare the financial statements in conformity with generally accepted accounting principles.

Condition – As part of the audit we proposed material adjustments to the County's financial statements and it was necessary for us to assist in the preparation of the financial statements.

Cause – The staff do not possess sufficient skills to record all required journal entries and prepare the financial statements in conformity with generally accepted accounting principles.

Effect – Management are not able to prepare the financial statements 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 2016-001: We have begun discussions to contract with an independent consulting firm to assist in the recording of required journal entries, preparation of the financial statements.

2016-002 (Similar to previously reported items 2015-002 and 2014-002.)

Criteria: The internal control environment should include adequate segregation of duties within significant processes.

Condition: Currently, there is not adequate segregation of duties so that no one employee has access to the accounting records and all phases of recording a transaction.

Cause: The staffing levels at the County are not sufficient for adequate segregation of duties in all areas.

Effect: The risk of payroll misstatement or fraud is enhanced.

Recommendation: In order to enhance controls over recording transactions they should be reviewed and approved by someone other than the person creating the transaction.

RESPONSE TO 2016-002: In May, 2017, an employee was transitioned to the positon of Human Resources Coordinator allowing for the segregation of responsibilities to include the ability to input and edit pay rates independent of the payroll processing. Additionally, changes have been made to clerk staff in order to segregate the duties in the accounting process and recording of transactions.

2016-003 (Reported in previous audit reports as items 2015-003 and 2014-003.)

Criteria – Per rule 69I-73.006, Florida Administrative Code, management are required to perform a physical inventory count of all tangible property.

Condition - The County did not perform a physical inventory count of tangible assets in the current year.

Cause – The staffing levels are not sufficient to perform the physical inventory count.

Effect – The risk of inaccuracies in the tangible property records is enhanced.

Recommendation — The County should perform a physical inventory of tangible property annually.

RESPONSE TO 2016-003: Although a partial inventory was completed, we realize the action we took was still inadequate and therefore will assign this duty to a full-time employee.

2016-004 **Criteria** – The internal control environment should include adequate segregation of duties within the financial reporting IT systems.

Condition — Members of the Accounting department have excessive access to the financial reporting IT systems.

Cause – The staffing levels are not sufficient for adequate segregation of duties in the IT systems.

Effect – The risk of management fraud is enhanced.

Recommendation — Where possible, the Office should restrict access to IT systems or functions or should provide compensating controls.

RESPONSE TO 2016-004: Where possible, restricted access to the IT systems will be implemented. We will provide compensating controls where feasible.

2016-005 (Reported in previous audit reports as items 2015-005 and 2014-006)

Criteria – The Recreation and Library Fund should make repayments on the long-term loan due to the General Fund.

Condition — The Recreation and Library Fund has a deficit fund balance and a long-term payable to the General Fund. The fund balance deficit increased in the current year and no repayments were made to reduce the long-term loan.

Cause – The County anticipates grant funding to be received to enable the Recreation and Library Fund to repay the loan but in the current year management determined that the grant funding received was not sufficient to enable repayments to be made.

Effect – 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.

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 the payments are made consistently to reduce the balance.

RESPONSE TO 2016-005: 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 - STATE PROJECTS

Questioned Costs

2016-006 (Reported in previous audit reports as item 2015-008 and 2014-008)

CSFA 40.901, CSFA 55.004, CSFA 55.009, and CSFA 55.016

Criteria – The County should have the ability to prepare a complete and accurate Schedule of Expenditures of State Financial Assistance.

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

Cause – The staff do not possess sufficient skills to prepare the Schedule of Expenditures of State Financial Assistance.

Effect – Management are not able to prepare the Schedule of Expenditures of State Financial Assistance as required by the Florida Single Audit Act.

Recommendation – The County should develop policies, procedures and the expertise to gather all relevant data necessary for a complete and accurate presentation of the Schedule of Expenditures of State Financial Assistance. $--

RESPONSE TO 2016-006: 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.

PART IV – COMMENTS ON PRIOR YEAR FEDERAL SINGLE AUDIT FINDINGS

2016-007 (Reported in previous audit reports as items 2015-006 and 2014-007)

Criteria – The County should have the ability to prepare a complete and accurate Schedule of Expenditures of Federal Awards.

Condition – The County's procedures are not adequate to ensure the proper identification of financial assistance programs and preparations of an accurate Schedule of Expenditures of Federal Awards.

Cause – The staff do not possess sufficient skills to prepare the Schedule of Expenditures of Federal Awards.

Effect – Management are not able to prepare the Schedule of Expenditures of Federal Awards.

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

RESPONSE TO 2016-007: Same as response to 2016-006 on previous page.

Respectfully submitted,

Dana D. Johnson
Clerk-Auditor

Dixie County
Clerk of the Circuit Court

Audit Report

September 30, 2016

Table of Contents
September 30, 2016

REPORT
Independent Auditor's Report 1

SPECIAL PURPOSE FINANCIAL STATEMENTS
Governmental Funds:

Balance Sheet 3

Statement of Revenues, Expenditures and Changes in Fund Balances 4

Fiduciary Funds:

Statement of Fiduciary Net Position 5

Notes to Financial Statements 6

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund 10

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Court Operating Fund 11

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Records Modernization Trust Fund 12

SUPPLEMENTARY INFORMATION
Combining Statement of Fiduciary Net Position – Agency Funds 13

ADDITIONAL ELEMENTS REQUIRED BY THE RULES OF THE AUDITOR GENERAL
Management Letter 15

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* 16

Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes 18

Independent Accountant's Report on Compliance with Sections 28.35 and 28.36, Florida Statutes 19

Independent Accountant's Report on Compliance with Section 61.181, Florida Statutes 20

Schedule of Findings 21

Elected Official's Response to Auditor's Comments --

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
4010 N.W. 25th Place
Gainesville, Florida 32606
P.O. Box 13494
Gainesville, Florida 32604

(352) 372-6300
(352) 375-1583 (fax)
www.cricpa.com

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, 2016, 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, 2016, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison 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 October 4, 2017 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
October 4, 2017

Dixie County Clerk of the Circuit Court

Balance Sheet – Governmental Funds
September 30, 2016

	General Fund	Court Operating Fund	Records Modern-ization Trust Fund	Total Govern-mental Funds
Assets				
Cash and equivalents	$ 205,802	$ 38,488	$ 53,728	$ 298,018
Due from other funds	17,817	39,113	2,188	59,118
Due from other governments	20,828	-	-	20,828
Total assets	$ 244,447	$ 77,601	$ 55,916	$ 377,964
Liabilities				
Accounts payable and accrued liabilities	$ 750	$ 3	$ -	$ 753
Due to other funds	21,048	14,709	-	35,757
Due to other governments	-	62,889	-	62,889
Due to other county agencies	221,901	-	-	221,901
Total liabilities	243,699	77,601	-	321,300
Fund balances				
Restricted	748	-	55,916	56,664
Total liabilities and fund balances	$ 244,447	$ 77,601	$ 55,916	$ 377,964

See accompanying notes.

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended September 30, 2016

	General Fund	Court Operating Fund	Records Modern-ization Trust Fund	Total Govern-mental Funds
Revenues				
Intergovernmental revenues	$ 82,853	$ 224,793	$ -	$ 307,646
Charges for services	54,310	114,488	20,165	188,963
Fines and forfeitures	-	146,466	15,333	161,799
Miscellaneous revenue	2,000	236	27	2,263
Total revenues	139,163	485,983	35,525	660,671
Expenditures				
Current:				
General government	308,033	-	2,998	311,031
Court related	59,317	452,918	26,593	538,828
Total expenditures	367,350	452,918	29,591	849,859
Excess of revenues over (under) expenditures	(228,187)	33,065	5,934	(189,188)
Other financing sources (uses)				
Appropriations from board of county commissioners	450,754	-	-	450,754
Reversion to board of county commissioners	(221,819)	-	-	(221,819)
Reversion to clerks of court operations corporation	-	(33,065)	-	(33,065)
Total other financing sources (uses)	228,935	(33,065)	-	195,870
Net change in fund balances	748	-	5,934	6,682
Fund balances - October 1, 2015	-	-	49,982	49,982
Fund balances - September 30, 2016	$ 748	$ -	$ 55,916	$ 56,664

See accompanying notes.

Dixie County Clerk of the Circuit Court

Statement of Fiduciary Net Position
September 30, 2016

	Agency Funds
Assets	
Cash and equivalents	$ 528,581
Due from other funds	11
Total assets	528,592
Liabilities	
Assets held for others	499,935
Due to other funds	23,372
Due to other county agencies	5,285
Total liabilities	528,592
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

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.

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.

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, 2016 are as follows:

	General Fund	Records Modernization Fund
Restricted for:		
Education/Training	$ 748	$ -
Court operations	-	4,852
Court technology	-	4,440
Records modernization	-	46,624
Totals	$ 748	$ 55,916

NOTE 3 – INTERFUND BALANCES

At September 30, 2016, interfund balances consisted of:

	Due From			
Due To	General Fund	Court Operating Fund	Agency Funds	Total
General fund	$ -	$ 14,698	$ 3,119	$ 17,817
Court operating fund	21,048	-	18,065	39,113
Records modernization trust fund	-	-	2,188	2,188
Agency funds	-	11	-	11
Totals	$ 21,048	$ 14,709	$ 23,372	$ 59,129

NOTE 4 – 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, 2016

	Budgeted Amounts			Variance With Final
	Original	Final	Actual	Budget
Revenues				
Intergovernmental revenues	$ 44,791	$ 82,853	$ 82,853	$ -
Charges for services	50,000	54,310	54,310	-
Miscellaneous revenue	-	2,000	2,000	-
Total revenues	94,791	139,163	139,163	-
Expenditures				
Current:				
General government	350,754	507,064	308,033	199,031
Court related	44,791	82,853	59,317	23,536
Total expenditures	395,545	589,917	367,350	222,567
Excess of revenues over (under) expenditures	(300,754)	(450,754)	(228,187)	222,567
Other financing sources (uses)				
Appropriation from board of county commissioners	300,754	450,754	450,754	-
Reversion to board of county commissioners	-	-	(221,819)	(221,819)
Total other financing sources (uses)	300,754	450,754	228,935	(221,819)
Net change in fund balances	-	-	748	748
Fund balances - October 1, 2015	-	-	-	-
Fund balances - September 30, 2016	$ -	$ -	$ 748	$ 748

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, 2016

	Budgeted Amounts			Variance With Final
	Original	Final	Actual	Budget
Revenues				
Intergovernmental revenue	$ 235,907	$ 224,796	$ 224,793	$ (3)
Charges for services	108,800	102,942	114,488	11,546
Fines and forfeitures	125,000	125,000	146,466	21,466
Miscellaneous revenue	180	180	236	56
Total revenues	469,887	452,918	485,983	33,065
Expenditures				
Current:				
Court related	469,887	452,918	452,918	-
Excess of revenues over (under) expenditures	-	-	33,065	33,065
Other financing sources (uses)				
Reversion to clerks of court operations corporation	-	-	(33,065)	(33,065)
Net change in fund balances	-	-	-	-
Fund balances - October 1, 2015	-	-	-	-
Fund balances - September 30, 2016	$ -	$ -	$ -	$ -

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, 2016

	Budgeted Amounts			Variance With Final
	Original	Final	Actual	Budget
Revenues				
Charges for services	$ 16,500	$ 16,500	$ 20,165	$ 3,665
Fines and forfeitures	12,790	12,790	15,333	2,543
Miscellaneous revenue	27	27	27	-
Total revenues	29,317	29,317	35,525	6,208
Expenditures				
Current:				
General government	48,270	48,270	2,998	45,272
Court related	28,404	28,404	26,593	1,811
Total expenditures	76,674	76,674	29,591	47,083
Excess of revenues over (under) expenditures	(47,357)	(47,357)	5,934	53,291
Fund balances - October 1, 2015	47,357	47,357	49,982	2,625
Fund balances - September 30, 2016	$ -	$ -	$ 55,916	$ 55,916

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.

Supplementary Information

Combining Statement of Fiduciary Net Position
Agency Funds
September 30, 2016

	General Agency Trust Fund	Domestic Relations Fund	Traffic Fund	Court Fund	Registry of Court Fund
Assets					
Cash and equivalents	$ 89,968	$ -	$ 31,447	$ 2,128	$ 63,830
Due from other funds	11	-	-	-	-
Total assets	89,979	-	31,447	2,128	63,830
Liabilities					
Assets held for others	77,395	-	15,374	2,128	63,830
Due to other funds	11,610	-	11,762	-	-
Due to other county agencies	974	-	4,311	-	-
Total liabilities	89,979	-	31,447	2,128	63,830
Net position	$ -	$ -	$ -	$ -	$ -

Combining Statement of Fiduciary Net Position
Agency Funds
September 30, 2016

	Witness Payroll Fund	Bond Fund	Tax Deed Fund	Total Agency Funds
Assets				
Cash and equivalents	$ 303	$ 46,710	$ 294,195	$ 528,581
Due from other funds	-	-	-	11
Total assets	303	46,710	294,195	528,592
Liabilities				
Assets held for others	303	46,710	294,195	499,935
Due to other funds	-	-	-	23,372
Due to other county agencies	-	-	-	5,285
Total liabilities	303	46,710	294,195	528,592
Net position	$ -	$ -	$ -	$ -

Additional Elements Required by the Rules of the Auditor General

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
4010 N.W. 25th Place
Gainesville, Florida 32606
P.O. Box 13494
Gainesville, Florida 32604

(352) 372-6300
(352) 375-1583 (fax)
www.cricpa.com

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, 2016, and have issued our report thereon dated October 4, 2017. 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
October 4, 2017

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
4010 N.W. 25th Place
Gainesville, Florida 32606
P.O. Box 13494
Gainesville, Florida 32604

(352) 372-6300
(352) 375-1583 (fax)
www.cricpa.com

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, 2016, 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 October 4, 2017

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 2016-001 through 2016-003 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
October 4, 2017

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
4010 N.W. 25th Place
Gainesville, Florida 32606
P.O. Box 13494
Gainesville, Florida 32604

(352) 372-6300
(352) 375-1583 (fax)
www.cricpa.com

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 period October 1, 2015, to September 30, 2016. Management of the Office is responsible for the Office's compliance with the specified requirements. Our responsibility is to express an opinion on the Office's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Office complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Office complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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 during the period October 1, 2015 to September 30, 2016.

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
October 4, 2017

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
4010 N.W. 25th Place
Gainesville, Florida 32606
P.O. Box 13494
Gainesville, Florida 32604

(352) 372-6300
(352) 375-1583 (fax)
www.cricpa.com

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*, for the period October 1, 2015 to September 30, 2016. Management is responsible for the Office's compliance with those requirements. Our responsibility is to express an opinion on the Office's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Office complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Office complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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 period October 1, 2015 to September 30, 2016.

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

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
October 4, 2017

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
4010 N.W. 25th Place
Gainesville, Florida 32606
P.O. Box 13494
Gainesville, Florida 32604

(352) 372-6300
(352) 375-1583 (fax)
www.cricpa.com

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,* for the period October 1, 2015 to September 30, 2016. Management is responsible for the Office's compliance with those requirements. Our responsibility is to express an opinion on the Office's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Office complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Office complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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 during the period October 1, 2015 to September 30, 2016.

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
October 4, 2017

Schedule of Findings

2016-001 (Reported in the preceding audit reports as items 2015-001 and 2014-001.)

Criteria – The internal control environment should include adequate segregation of duties within significant processes.

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.

Cause – The staffing levels are not sufficient for adequate segregation of duties in all areas.

Effect – The risk of misstatement or fraud is enhanced.

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

2016-002 **Criteria –** The internal control environment should include adequate segregation of duties within the financial reporting IT systems.

Condition — Members of the Accounting department have excessive access to the financial reporting IT systems.

Cause – The staffing levels are not sufficient for adequate segregation of duties in the IT systems.

Effect – The risk of management fraud is enhanced.

Recommendation — Where possible, the Office should restrict access to IT systems or functions or should provide compensating controls.

2016-003 (Reported in the preceding audit reports as items 2015-003 and 2014-003.)

Criteria – Cash on deposit be reconciled to the bank balance.

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.

Cause – The staffing levels are not sufficient to ensure timely reconciliations.

Effect – This condition can lead to improper distribution of funds.

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

(352) 498-1205
FAX (352) 498-1476
S/C 656-1205

Dana D. Johnson
Clerk of the Circuit Court

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

October 18, 2017

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, 2016.

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, 2016
DIXIE COUNTY CLERK OF THE CIRCUIT COURT

2016-001 (Reported in the preceding audit reports as items 2015-001 and 2014-001.)

Criteria - The internal control environment should include adequate segregation of duties within significant processes.

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.

Cause - The staffing levels are not sufficient for adequate segregation of duties in all areas.

Effect - The risk of misstatement or fraud is enhanced.

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 2016-001 – We are in the process of training two new employees and duties are being restructured to segregate the duties as much as possible so no one employee has access to all phases of transactions. We continually strive to reach this goal, however being a small county with limited budgets and with employees having multiple responsibilities, it is difficult to segregate duties effectively.

2016-002 **Criteria** - The internal control environment should include adequate segregation of duties within the financial reporting IT systems.

Condition – Members of the Accounting department have excessive access to the financial reporting IT systems.

Cause – The staffing levels are not sufficient for adequate segregation of duties in the IT systems.

Effect – The risk of management fraud is enhanced.

Recommendation – Where possible, the Office should restrict access to IT systems or functions or should provide compensating controls.

Response to 2016-002 – We will begin working with our financial software IT vendor to work out the logistics of permission levels and assign functions to different staff as needed to segregate these duties.

2016-003 (Reported in the preceding audit report as items 2015-003 and 2016-003.)

Criteria – Cash on deposit be reconciled to the bank balance.

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.

Cause – The staffing levels are not sufficient to ensure timely reconciliations.

Effect – This condition can lead to improper distribution of funds.

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

Response to 2016-003 – We will research the Registry Fund, Cash Bonds Fund and the Tax Deed Fund and reconcile the subsidiary ledgers to the cash on hand in the bank.

Sincerely,

Dana D. Johnson

Dana D. Johnson
Clerk of the Circuit Court
Dixie County

Dixie County Sheriff

Audit Report

September 30, 2016

Table of Contents
September 30, 2016

REPORT
Independent Auditor's Report 1

SPECIAL PURPOSE FINANCIAL STATEMENTS
Governmental Funds:

Balance Sheet 4

Statement of Revenues, Expenditures and Changes in Fund Balances 5

Fiduciary Funds:

Statement of Fiduciary Net Position 6

Notes to Financial Statements 7

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund 11

SUPPLEMENTARY INFORMATION
Combining Statement of Fiduciary Net Position – Agency Funds 12

ADDITIONAL ELEMENTS REQUIRED BY THE RULES OF THE AUDITOR GENERAL
Management Letter 13

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* 14

Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes 16

Schedule of Findings 17

Elected Official's Response to Auditor's Comments --

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
4010 N.W. 25th Place
Gainesville, Florida 32606
P.O. Box 13494
Gainesville, Florida 32604

(352) 372-6300
(352) 375-1583 (fax)
www.cricpa.com

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, 2016, 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, 2016, 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, 2016, 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.

Other Matters

Required Supplementary Information

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

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 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, November 2, 2017 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
November 2, 2017

Balance Sheet – Governmental Funds
September 30, 2016

	General Fund	Inmate Welfare Fund	Total Governmental Funds
Assets			
Cash and equivalents	$ 106,736	$ 135,489	$ 242,225
Accounts receivable	-	4,333	4,333
Total assets	$ 106,736	$ 139,822	$ 246,558
Liabilities and fund balances			
Liabilities:			
Accrued liabilities	$ 31,152	$ -	$ 31,152
Due to other county agencies	75,584	-	75,584
Total liabilities	106,736	-	106,736
Fund balances:			
Assigned for inmate benefits	-	139,822	139,822
Unassigned	-	-	-
Total fund balances	-	139,822	139,822
Total liabilities and fund balances	$ 106,736	$ 139,822	$ 246,558

See accompanying notes.

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended September 30, 2016

	General Fund	Inmate Welfare Fund	Total Governmental Funds
Revenues			
Intergovernmental revenue	$ 136,441	$ -	$ 136,441
Miscellaneous revenue	161,668	49,764	211,432
Total revenues	298,109	49,764	347,873
Expenditures			
Current:			
Public safety	4,315,954	883	4,316,837
Human services	67,715	-	67,715
Court related	49,663	-	49,663
Debt service:			
Principal	161,964	-	161,964
Interest	11,340	-	11,340
Total expenditures	4,606,636	883	4,607,519
Excess of revenues over (under) expenditures	(4,308,527)	48,881	(4,259,646)
Other financing sources (uses)			
Capital lease	114,572	-	114,572
Appropriation from board of county commissioners	4,290,236	-	4,290,236
Reversion to board of county commissioners	(71,560)	-	(71,560)
Total other financing sources (uses)	4,333,248	-	4,333,248
Net change in fund balances	24,721	48,881	73,602
Fund balances - October 1, 2015	(24,721)	90,941	66,220
Fund balances - September 30, 2016	$ -	$ 139,822	$ 139,822

See accompanying notes.

Statement of Fiduciary Net Position
September 30, 2016

	Agency Funds
Assets	
Cash and equivalents	$ 25,425
Liabilities	
Assets held for others	20,922
Due to other county agencies	4,503
Total liabilities	25,425
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.

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 – 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 3– BUDGET OVEREXPENDITURES

Generally accepted accounting principles require the Office to disclose significant budget over expenditures. According to the accounting records of the General Fund, which were not adequately maintained, the Office over-expended its budget by approximately $348,000.

NOTE 4 – 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, 2016

	Budgeted Amounts			Variance With Final
	Original	Final	Actual	Budget
Revenues				
Intergovernmental revenue	$ -	$ -	$ 136,441	$ 136,441
Miscellaneous revenue	-	-	161,668	161,668
Total revenues	-	-	298,109	298,109
Expenditures				
Current:				
Public safety	4,688,921.00	3,901,734.00	4,315,954	(414,220)
Human services	131,370.00	133,882.00	67,715	66,167
Court related	-	49,663	49,663	-
Debt service:				
Principal	-	161,964	161,964	-
Interest	-	11,340	11,340	-
Total expenditures	4,820,291	4,258,583	4,606,636	(348,053)
Excess of revenues over (under) expenditures	(4,820,291)	(4,258,583)	(4,308,527)	(49,944)
Other financing sources (uses)				
Capital lease	-	-	114,572	114,572
Appropriation from board of county commissioners	4,820,291	4,258,583	4,290,236	31,653
Reversion to board of county commissioners	-	-	(71,560)	(71,560)
Total other financing sources (uses)	4,820,291	4,258,583	4,333,248	74,665
Net change in fund balances	-	-	24,721	24,721
Fund balances - October 1, 2015	-	-	(24,721)	(24,721)
Fund balances - September 30, 2016	$ -	$ -	$ -	$ -

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.

Supplementary Information

Combining Statement of Fiduciary Net Position
Agency Funds
September 30, 2016

	Individual Deposits Fund	Cash Bonds Fund	Inmate Trust Fund	Total Agency Funds
Assets				
Cash and equivalents	$ 10,407	$ 570	$ 14,448	$ 25,425
Liabilities				
Assets held for others	5,984	570	14,368	20,922
Due to other county agencies	4,423	-	80	4,503
Total liabilities	10,407	570	14,448	25,425
Net position	$ -	$ -	$ -	$ -

Additional Elements Required by the Rules of the Auditor General

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
4010 N.W. 25th Place
Gainesville, Florida 32606
P.O. Box 13494
Gainesville, Florida 32604

(352) 372-6300
(352) 375-1583 (fax)
www.cricpa.com

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, 2016, and have issued our report thereon dated November 2, 2017. 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
November 2, 2017

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
4010 N.W. 25th Place
Gainesville, Florida 32606
P.O. Box 13494
Gainesville, Florida 32604

(352) 372-6300
(352) 375-1583 (fax)
www.cricpa.com

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, 2016, 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 November 2, 2017. 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 2016-001 through 2016-007 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 2016-007.

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
November 2, 2017

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
4010 N.W. 25th Place
Gainesville, Florida 32606
P.O. Box 13494
Gainesville, Florida 32604

(352) 372-6300
(352) 375-1583 (fax)
www.cricpa.com

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*, for the period October 1, 2015 to September 30, 2016. Management is responsible for the Office's compliance with those specified requirements. Our responsibility is to express an opinion on the Office's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Office complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Office complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion

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 period October 1, 2015 to September 30, 2016.

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
November 2, 2017

Schedule of Findings

2016-001 (Reported in preceding audit reports as items 2015-001 and 2014-001.)

Criteria – The internal control environment should include adequate segregation of duties within significant processes.

Condition – 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.

Cause – The staffing levels at the office are not sufficient for adequate segregation of duties.

Effect – The risk of cash misappropriation to fraud is enhanced

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.

2016-002 (Reported in preceding audit reports as items 2015-002 and 2014-002.)

Criteria – Cash balances should be reconciled in a timely manner to avoid errors.

Condition – 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.

Cause – Responsible personnel do not reconcile the Inmate Trust bank balance to the accounting records in a timely fashion.

Effect – 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.

2016-003 (Reported in preceding audit reports as items 2015-003 and 2014-003.)

Criteria – The internal control environment should include procedures to detect errors to the accounting records and a means to correct them in a timely manner.

Condition – 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.

Cause – The staffing levels at the office are not sufficient to perform those functions.

Effect – The County agreed with our proposed adjustments to present the financial statements in accordance with generally accepted accounting principles and the auditors assisted with the preparation of the County'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.

2016-004 (Reported in preceding audit reports as items 2015-004 and 2014-004.)

Criteria – The internal control environment should facilitate a timely reconciliation of cash balances with bank statements and subsidiary ledgers.

Condition – 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.

Cause – The responsible accounting personnel did not reconcile cash balances in a timely manner.

Effect – 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.

2016-005 (Reported in preceding audit reports as items 2015-005 and 2014-005.)

Criteria – The office should post transactions in a timely manner.

Condition – 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 $348,000 and excess revenues over expenditures in fiscal year 2016 that it did not revert to the board. Additionally, the Office did not provide a timely trial balance for audit for 2014, 2015, or 2016.

Cause – The Office did not post cash receipts and disbursements of the General Fund in a timely manner during the year.

Effect – 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, $112,000 in fiscal year 2015 and $348,000 in fiscal year 2016.

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 outsourcing the record-keeping function to someone with suitable skills, knowledge, or experience to accurately and timely record the Office's financial transitionary.

2016-006 (Reported in preceding audit report as item 2015-007.)

Criteria – Corrective action should be taken to address prior audit findings.

Condition – The Office failed to take corrective action on the findings noted in the previous audits. As a consequence, the accounting records did not show significant improvement 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 $348,000.

Cause – The Office failed to take corrective action on the findings noted in the previous audits.

Effect – 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.

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

2016-007 (Reported in preceding audit report as item 2015-008)

Criteria – The Office should be in compliance with all statutory requirements.

Condition – 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.

Cause – A responsible person did not ensure compliance with Florida Statutes.

Effect – The Office did not comply with Sections 30.50 and 218.33 of the Florida Statutes.

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

November 2, 2017

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, 2015 through September 30, 2016.

2016-001 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.

2016-02 Due to staffing limitations brought about by lack of budget allowances, there are and will be circumstances that are unpreventable. The person assigned to work and process these accounts is also a Correctional Officer who at times has to work shift work on the floor and not in the business office. On the months that this individual in on day-shift, there are also days that they have to perform correctional duties to include court detail when inmates are in court thereby limiting her days that she is working on finances.

2016-003
2016-004
2016-005 We have taken steps to automate some of our banking and accounting records which should help in decreasing these errors. However, due to staffing levels from a lack of funding for additional clerical position(s) staff is not able to monitor all activities on a daily basis. Each individual in the office has multiple responsibilities and at given times are occupied for extended periods on other duties.

2016-006
2016-007 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.

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, 2016

Dixie County Tax Collector

Table of Contents
September 30, 2016

REPORT

Independent Auditor's Report 1

SPECIAL PURPOSE FINANCIAL STATEMENTS

Governmental Funds:

Balance Sheet 3

Statement of Revenues, Expenditures and Changes in Fund Balance 4

Fiduciary Funds:

Statement of Fiduciary Net Position 5

Notes to Financial Statements 6

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund 9

ADDITIONAL ELEMENTS REQUIRED BY THE RULES OF THE AUDITOR GENERAL

Management Letter 10

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* 11

Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes 13

Schedule of Findings 14

Elected Official's Response to Auditor's Comments --

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
4010 N.W. 25th Place
Gainesville, Florida 32606
P.O. Box 13494
Gainesville, Florida 32604

(352) 372-6300
(352) 375-1583 (fax)
www.cricpa.com

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, 2016, 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, 2016, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison 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 5, 2017 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 5, 2017

Balance Sheet – Governmental Funds
September 30, 2016

		General Fund
Assets		
Cash and equivalents	$	15,388
Due from other county agencies		8,800
Total assets	$	24,188
Liabilities and fund balance		
Liabilities:		
Accounts payable and accrued liabilities	$	18,844
Due to other county agencies		5,344
Total liabilities		24,188
Fund balance		-
Total liabilities and fund balance	$	24,188

See accompanying notes.

Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Year ended September 30, 2016

		General Fund
Revenues		
Miscellaneous revenue	$	39
Expenditures		
Current:		
General government services		580,676
Excess of revenues under expenditures		(580,637)
Other financing sources (uses)		
Appropriation from board of county commissioners		580,725
Reversion to board of county commissioners		(88)
Total other financing sources (uses)		580,637
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, 2016

	Agency Fund
Assets	
Cash and equivalents	$ 370,418
Accounts receivable	239
Due from other governments	30
Total assets	370,687
Liabilities	
Assets held for others	341,395
Due to other county agencies	29,292
Total liabilities	370,687
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

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.

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.

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.

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – General Fund
Year ended September 30, 2016

	Budgeted Amounts			Variance With Final
	Original	Final	Actual	Budget
Revenues				
Miscellaneous revenue	$ -	$ -	$ 39	$ 39
Expenditures				
Current:				
General government services	559,824	580,725	580,676	49
Excess of revenues over (under) expenditures	(559,824)	(580,725)	(580,637)	88
Other financing sources (uses)				
Appropriation from board of county commissioners	559,824	580,725	580,725	-
Reversion to board of county commissioners	-	-	(88)	(88)
Total other financing sources (uses)	559,824	580,725	580,637	(88)
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.

Additional Elements Required by the Rules of the Auditor General

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
4010 N.W. 25th Place
Gainesville, Florida 32606
P.O. Box 13494
Gainesville, Florida 32604

(352) 372-6300
(352) 375-1583 (fax)
www.cricpa.com

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, 2016, and have issued our report thereon dated July 5, 2017. 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 5, 2017

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
4010 N.W. 25th Place
Gainesville, Florida 32606
P.O. Box 13494
Gainesville, Florida 32604

(352) 372-6300
(352) 375-1583 (fax)
www.cricpa.com

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, 2016, 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 5, 2017 .

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings as item 2016-002 that we consider to be a significant deficiency.

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 2016-001.

Management'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 5, 2017

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
4010 N.W. 25th Place
Gainesville, Florida 32606
P.O. Box 13494
Gainesville, Florida 32604

(352) 372-6300
(352) 375-1583 (fax)
www.cricpa.com

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 specified requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the period October 1, 2015 to September 30, 2016. Management is responsible for the Office's compliance with those specified requirements. Our responsibility is to express an opinion on the Office's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Office complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Office complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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 during the period October 1, 2015 to September 30, 2016.

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 5, 2017

Schedule of Findings

2016-001 **Condition**: Section 219.075(2), Florida Statutes requires the Office to distribute quarterly, on a pro rata basis, to the taxing authorities interest earned. We noted that the Office distributed the interest to the taxing authorities in April 2017 for interest earned in fiscal years 2015 and 2016.

Recommendation: The Office should develop procedures to ensure that distribution of interest earned is distributed to the taxing authorities in a pro rata share in accordance with Florida Statutes.

2016-002 **Condition**: Liabilities of the Office's agency fund are not always properly reconciled. We noted several instances where subsequent disbursements did not agree to the account balances at year end and where undistributed amounts remained in account balances.

Recommendation: Liabilities of the agency fund should be periodically analyzed and reconciled to ensure that account balances are valid and that appropriate distributions have been made. The Office may consider running the agency fund balance sheet before and after distributions are made to review any remaining balances. Any unexplained balances should be investigated and resolved.

MICHELLE F. CANNON, C.F.C.

DIXIE COUNTY TAX COLLECTOR
P.O. Box 5040
Cross City, FL 32628-5040
Phone: (352) 498-1213
Fax: (352) 498-1259

July 5, 2017

Sherrill F. Norman, Auditor General
111 West Madison Street
Tallahassee, FL 32399-1450

Dear Ms. Norman,

We are in receipt of our Audit Report ending September 30, 2016 conducted by Carr, Riggs & Ingram, LLC. Recommendations and the action taken by this offices and staff to make proper corrections are as follows.

2016-001 Condition – Section 219.075(2), Florida Statutes requires the Office to distribute quarterly, on a pro rata basis, to taxing authorities interest earned. We noted that the Office distributed the interest to the taxing authorities in April 2017 for interest earned in fiscal year 2015 and 2016.

Recommendation – The Office should develop procedures to ensure that distribution of interest earned is distributed to the taxing authorities in a pro rata share in accordance with Florida Statutes.

Corrective Action– The Office will develop a procedure and ensure that a distribution of interest earned is distributed to the taxing authorities in a pro rata share in accordance with Florida Statutes.

2016-002 Condition – Liabilities of the Office's agency fund are not always properly reconciled. We noted several instances where subsequent disbursements did not agree to the account balances at the year end and undistributed amounts remained in account balances.

Recommendation – Liabilities of the agency fund should be periodically analyzed and reconciled to ensure account balances are valid and that appropriate distributions have been made. The Office may consider running agency fund balance sheet before and after

distributions are made to review any remaining balances. Any unexplained balances should be investigated and resolved.

Corrective Action – Liabilities of the agency fund will be periodically analyzed and reconciled to ensure account balances are valid and that appropriate distributions have been made. The Office will run the agency fund balance sheet before and after distributions are made to review any remaining balances; any unexplained balances will be investigated and resolved.

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

Respectfully,

Michelle F. Cannon, C.F.C.
Tax Collector

Cc: Carr, Riggs & Ingram, LLC

Dixie County
Property Appraiser

Audit Report

September 30, 2016

Table of Contents
September 30, 2016

REPORT
Independent Auditor's Report 1

SPECIAL PURPOSE FINANCIAL STATEMENTS
Governmental Funds:

Balance Sheet 3

Statement of Revenues, Expenditures and Changes in Fund Balance 4

Notes to Financial Statements 5

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund 8

ADDITIONAL ELEMENTS REQUIRED BY THE RULES OF THE AUDITOR GENERAL
Management Letter 9

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* 10

Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes 12

Elected Official's Response to Auditor's Comments --

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
4010 N.W. 25th Place
Gainesville, Florida 32606
P.O. Box 13494
Gainesville, Florida 32604

(352) 372-6300
(352) 375-1583 (fax)
www.cricpa.com

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, 2016, 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, 2016, 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 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 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 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 September 28, 2017, 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
September 28, 2017

Balance Sheet – Governmental Funds
September 30, 2016

		General Fund
Assets		
Cash and equivalents	$	70,591
Receivables		5,748
Total assets	$	76,339
Liabilities and fund balance		
Liabilities:		
Accounts payable and accrued liabilities	$	17,021
Due to other county agencies		59,318
Total liabilities		76,339
Fund balance		-
Total liabilities and fund balance	$	76,339

See accompanying notes.

Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Year ended September 30, 2016

	General Fund
Revenues	
Charges for services	$ 13,378
Miscellaneous revenue	147
Total revenues	13,525
Expenditures	
Current:	
General government services	781,691
Excess of revenues under expenditures	(768,166)
Other financing sources (uses)	
Appropriation from board of county commissioners	827,484
Reversion to board of county commissioners	(59,318)
Total other financing sources (uses)	768,166
Net change in fund balance	-
Fund balance - October 1, 2015	-
Fund balance - September 30, 2016	$ -

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

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.

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.

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 – 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, 2016

	Budgeted Amounts			Variance With Final
	Original	Final	Actual	Budget
Revenues				
Charges for services	$ 14,095	$ 14,223	$ 13,378	$ (845)
Miscellaneous revenue	-	-	147	147
Total revenues	14,095	14,223	13,525	(698)
Expenditures				
Current:				
General government services	815,075	834,567	781,691	52,876
Reserve for contingency	19,045	7,140	-	7,140
Total expenditures	834,120	841,707	781,691	60,016
Excess of revenues over (under) expenditures	(820,025)	(827,484)	(768,166)	59,318
Other financing sources (uses)				
Appropriation from board of county commissioners	820,025	827,484	827,484	-
Reversion to board of county commissioners	-	-	(59,318)	(59,318)
Total other financing sources (uses)	820,025	827,484	768,166	(59,318)
Net change in fund balances	-	-	-	-
Fund balances - October 1, 2015	-	-	-	-
Fund balances - September 30, 2016	$ -	$ -	$ -	$ -

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.

Additional Elements Required by the Rules of the Auditor General

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
4010 N.W. 25th Place
Gainesville, Florida 32606
P.O. Box 13494
Gainesville, Florida 32604

(352) 372-6300
(352) 375-1583 (fax)
www.cricpa.com

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, 2016, and have issued our report thereon dated September 28, 2017. 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
September 28, 2017

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
4010 N.W. 25th Place
Gainesville, Florida 32606
P.O. Box 13494
Gainesville, Florida 32604

(352) 372-6300
(352) 375-1583 (fax)
www.cricpa.com

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, 2016, 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 September 28, 2017.

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
September 28, 2017

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
4010 N.W. 25th Place
Gainesville, Florida 32606
P.O. Box 13494
Gainesville, Florida 32604

(352) 372-6300
(352) 375-1583 (fax)
www.cricpa.com

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 period October 1, 2015, to September 30, 2016. Management is responsible for the Office's compliance with the specified requirements. Our responsibility is to express an opinion on the Office's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Office complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Office complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Office's compliance with the specified requirements.

In our opinion, the Office complied, in all material respects, with the aforementioned requirements during the period October 1, 2015 to September 30, 2016.

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
September 28, 2017

Robert A Lee
Dixie County Property Appraiser
P O Box 260
Cross City, FL 32628

September 28, 2017

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, 2016.

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, 2016

Table of Contents
September 30, 2016

REPORT
Independent Auditor's Report 1

SPECIAL PURPOSE FINANCIAL STATEMENTS
Governmental Funds:

Balance Sheet 3

Statement of Revenues, Expenditures and Changes in Fund Balance 4

Notes to Financial Statements 5

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund 8

ADDITIONAL ELEMENTS REQUIRED BY THE RULES OF THE AUDITOR GENERAL
Management Letter 9

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* 10

Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes 12

Schedule of Findings 13

Elected Official's Response to Auditor's Comments --

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
4010 N.W. 25th Place
Gainesville, Florida 32606
P.O. Box 13494
Gainesville, Florida 32604

(352) 372-6300
(352) 375-1583 (fax)
www.cricpa.com

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, 2016, 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, 2016, 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 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 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 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 April 18, 2017, 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
April 18, 2017

Dixie County Supervisor of Elections

Balance Sheet – Governmental Funds
September 30, 2016

		General Fund
Assets		
Cash and equivalents	$	9,424
Liabilities and fund balance		
Liabilities:		
Accounts payable and accrued liabilities	$	53
Due to other county agencies		1,952
Total liabilities		2,005
Fund balance:		
Restricted – election grants		7,419
Total liabilities and fund balance	$	9,424

See accompanying notes.

Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Year Ended September 30, 2016

		General Fund
Revenues		
Intergovernmental revenue	$	1,666
Miscellaneous revenue		266
Total revenues		1,932
Expenditures		
Current:		
General government services		292,806
Excess of revenues under expenditures		(290,874)
Other financing sources (uses)		
Appropriation from board of county commissioners		292,585
Reversion to board of county commissioners		(887)
Total other financing sources (uses)		291,698
Net change in fund balance		824
Fund balance - October 1, 2015		6,595
Fund balance - September 30, 2016	$	7,419

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

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.

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.

Restricted Fund Balance

The Office implemented voter education, poll worker recruitment, and federal election activities programs using federal funds passed through the Florida Department of State. Available but unexpended funds of these programs are restricted for future expenditures.

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.

Required Supplementary Information

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual – General Fund
Year Ended September 30, 2016

	Budgeted Amounts			Variance With Final
	Original	Final	Actual	Budget
Revenues				
Intergovernmental revenue	$ -	$ -	$ 1,666	$ 1,666
Miscellaneous revenue	-	-	266	266
Total revenues	-	-	1,932	1,932
Expenditures				
Current:				
General government services	275,307	292,585	292,806	(221)
Reserve for contingencies	2,000	-	-	-
Total expenditures	277,307	292,585	292,806	(221)
Excess of revenues over (under) expenditures	(277,307)	(292,585)	(290,874)	1,711
Other financing sources (uses)				
Appropriation from board of county commissic	277,307	292,585	292,585	-
Reversion to board of county commissioners	-	-	(887)	(887)
Total other financing sources (uses)	277,307	292,585	291,698	(887)
Net change in fund balances	-	-	824	824
Fund balances - October 1, 2015	-	-	6,595	6,595
Fund balances - September 30, 2016	$ -	$ -	$ 7,419	$ 7,419

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.

Additional Elements Required by the Rules of the Auditor General

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
4010 N.W. 25th Place
Gainesville, Florida 32606
P.O. Box 13494
Gainesville, Florida 32604

(352) 372-6300
(352) 375-1583 (fax)
www.cricpa.com

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, 2016, and have issued our report thereon dated April 18, 2017. 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
April 18, 2017

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
4010 N.W. 25th Place
Gainesville, Florida 32606
P.O. Box 13494
Gainesville, Florida 32604

(352) 372-6300
(352) 375-1583 (fax)
www.cricpa.com

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, 2016, 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 April 18, 2017.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings as items 2016-001 and 2016-002 that we consider 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
April 18, 2017

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
4010 N.W. 25th Place
Gainesville, Florida 32606
P.O. Box 13494
Gainesville, Florida 32604

(352) 372-6300
(352) 375-1583 (fax)
www.cricpa.com

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, 2016. 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, 2016.

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
April 18, 2017

Schedule of Findings

2016-001 (Reported in previous audit reports as items 2015-001 and 2014-001.)

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.

2016-002 (Reported in previous audit reports as items 2015-002 and 2014-002.)

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

April 18, 2017

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 2016

Dear Mr. Norman,

INRE: (2016-001)
Due to the 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: (2016-002)
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. Due to the size of our office it is not cost effective. 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

Starlet Cannon
Supervisor of Elections
Dixie County, Fla.