

WAKULLA COUNTY, FLORIDA

CITIZENS'

ANNUAL

FINANCIAL

REPORT

For the Year Ending September 30, 2004



Brent X. Thurmond,
Clerk of Circuit & County Court

wakullaclerk.com

WAKULLA COUNTY, FLORIDA



BOARD OF COUNTY COMMISSIONERS

2003-2004

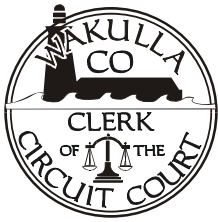
Maxie Lawhon, Chairman.....District 5
Henry Vause, Vice Chairman.....District 2
Leon Nettles.....District 1
Mike Stewart.....District 3
Howard Kessler.....District 4

ELECTED CONSTITUTIONAL OFFICERS

2003-2004

Sherida Crum.....Supervisor of Elections
Lucinda Daniel.....Tax Collector
David Harvey.....Sheriff
Ronnie Kilgore*.....Property Appraiser
Brent Thurmond.....Clerk of Court

* Mr. Kilgore passed away after the period this report covers and at the time of printing his replacement had not been determined.



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Brent X. Thurmond
Clerk of Circuit and County Courts
Wakulla County
3056 Crawfordville Hwy.
Crawfordville, Fl. 32327



To the Citizens of Wakulla County:

The cornerstone of our democratic government system is to be responsive to the citizens represented and to be accountable for how the government operates. One of the key ways government carries out its duties and priorities is found in how it raises and spends the public money it is entrusted with. With that in mind, I have prepared this first annual Citizens' Financial Report as a way to explain simply and concisely how Wakulla County generates and spends its money.

Wakulla County government consists of several component parts that have been combined to make up this report. Most of the county's operations fall under the Board of County Commissioners, while other specific duties fall under financially related and separately elected Constitutional officers. A County organizational chart is included in this report.

Each year, the County legally adopts a budget in order to determine how much money it will raise and to prioritize how it will be spent. By state law, the budget year, also known as the "fiscal year," must begin on October 1st and end on September 30th. Therefore this report covers the fiscal year beginning October 1, 2003 and ending September 30, 2004.

An audited report on all of the individual funds is prepared annually by an independent audit firm. The auditor's report is kept in my office and is available for review. Upon completion of the 2003-04 audit we will post it on our website.

To account for its various functions as well as restrictions on certain types of revenues, the County's finances are divided into various "funds." To simplify this report, all of the County's funds have been merged together on a consistent basis into one set of figures. This report was prepared before the audit was conducted and, due to its simplicity, will differ from the audit report.

I am pleased to present this report as part of our responsibility to be accountable to the citizens of Wakulla County. My hope is that you will find this report both interesting and informative.

Sincerely,

Brent X. Thurmond,
Clerk of Court

WAKULLA COUNTY, FLORIDA CITIZENS ANNUAL FINANCIAL REPORT

For the year ended September 30, 2004

Features:

Wakulla County Organizational Chart - Page 5

This chart displays the basic structure of the County government.

Operational Review - Pages 6-8

This section explains how the County is organized, how its budget process works, and its key accomplishments during the fiscal year. Also, the financial results for the year are explained, accompanied by a summarized operating statement.

Sources of County Funds - Pages 9-11

The various types of funds the County received to support its operations are explained here in greater detail. This presentation includes a description of all major County revenues.

Uses of County Funds - Pages 12-14

The way in which the County's resources were spent is discussed here in greater detail. Each category of service is explained, including a breakdown of resources used for current operations and capital outlays.

County Long-Term Debt Pages 15-16

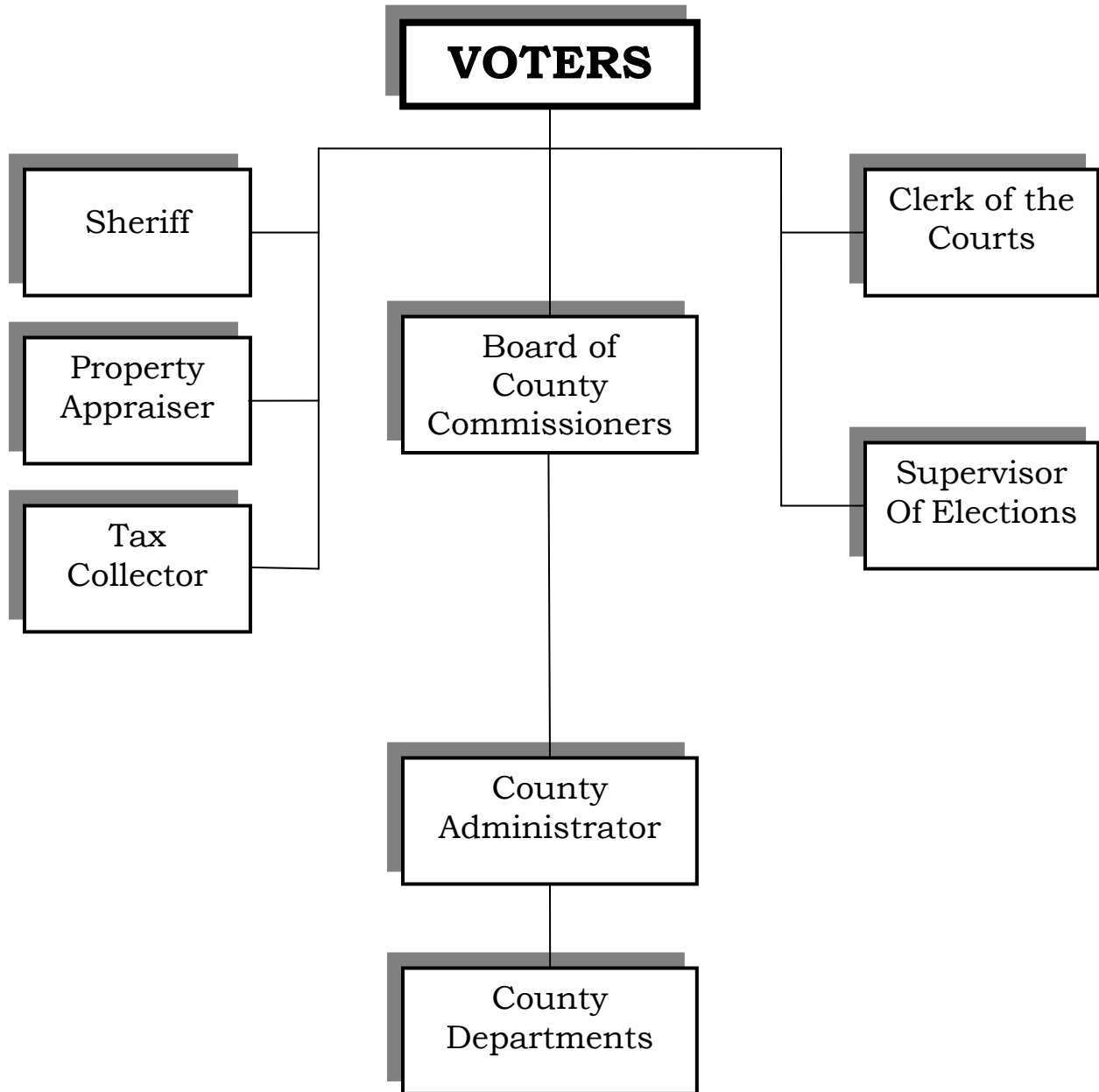
The County has a need to borrow funds for many of its major capital projects. This section explains how the borrowing is handled, what borrowed funds are used for, how much is owed, and what the next fiscal year's payment obligation will be.

Wakulla County Growth Indicators - Page 17

This final section provides an historic review of key economic and demographic indicators that have taken place over the past ten years and a ten year forecast of these important trends that will shape the future face of Wakulla County.

WAKULLA COUNTY, FLORIDA

Organizational Chart



OPERATIONAL REVIEW

County Organization

Wakulla County operates as a political subdivision of the State of Florida, and is governed by a five-member Board of County Commissioners. The Board of County Commissioners consists of the Chairman, Vice-Chairman and three Commissioners, all elected county-wide. Historically, the Chair and Vice-Chair are changed every year by a vote of the Commission.

Additionally, there are five Constitutional officers who are separately elected on a county-wide basis. They perform specifically designated governmental functions. These offices and the Board of County Commissioners are listed at the beginning of this report and are displayed on the organizational chart on the previous page. The term of office for these elected positions is four years.

Major Initiatives

In the general operations area, Wakulla County was involved in many major initiatives during this fiscal year. At the **Sheriff's Office**, the jail facility expansion began. When completed in the 04/05 year, 200 beds will be added to the existing 150 jail beds. In the **Transportation** department, 1.48 miles of roads were resurfaced and 16.32 miles of new roads were paved. In the **Parks & Recreation** department, the Medart Recreation Facility was increased by two acres and the facilities were expanded and enhanced by projects such as new bathrooms, walkways, lighting, and two new ball fields. A pavilion was built at Hudson Park. Through grant money, improvements at Mashles Sands Park and the Ocklockonee Bay Bike Trail continue. The Panacea Visitor Center renovation was completed. The **Library** Department began expanding its facility and will complete a 5,050 square foot addition in the 04/05 year through grant money and Library impact fees. In the **Wastewater** Department, the County added 162 new customers and approximately 5 miles of new lines.

Budget Approval Process

The budget serves as the key tool for setting operational and capital project spending priorities and is legally enacted each fiscal year. Preparation of the budget proposal for direct spending by the Board of County Commissioners is the responsibility of the County Administrator.

After preparation the budget proposal is then presented to the citizens and the Board at two public hearings in September, where any final adjustments may be made by a majority of the Board. These hearings are also used to set the annual property tax rates. Individual budgets for the elected Constitutional officers are prepared by each respective officer and must be approved by the Board of County Commissioners.

All budgets are required to be balanced, with all expenditures backed by identified funding sources. On September 30th of each year, all unspent budget amounts

expire and remaining funds (cash forward) become available as a funding source for the County in the next fiscal year as approved by the Board.

Financial Information

The financial information presented in this report includes the operations of the Board of County Commissioners for the fiscal year beginning October 1, 2003 and ending September 30, 2004. The operations of the Constitutional Officers are not included in this report except for the amounts provided from the BOCC through the approved budget. The County began the fiscal year with \$7,848,339 in working funds. Funds received during the year totaled \$26,238,653. After expending \$26,491,290 in operational costs, debt payments and capital projects, the County finished the year with a balance of \$7,595,702. These monies were used to fund operations at the start of the new fiscal year on October 1, 2004 until annual property tax collections began in November.

After an influx of property tax dollars during the months of November through January, the County invests excess monies until they are needed later in the fiscal year for operations. Only the safest of investments are allowed under our investment policy.

Other Governmental Units

Other legally separate units that are related to Wakulla County are not included in this report. They are not included because they operate independently from the County. Although contributions from the County may be made to these units from time to time, they are not financially related to the County. Some of these are governmental agencies and others are not-for-profit organizations. The School Board is required to be audited each year and prepare an annual report. The other units may or may not be subject to similar requirements. Some of the agencies not included in this report are:

- Wakulla County School Board
- Wakulla County Senior Citizen's Center
- Wakulla County Soil & Water Conservation Board
- Wakulla County Parks & Recreation Board
- Wakulla County United Fire Fighter's Association
- Wakulla County Tourist Development Council
- Wakulla Welfare Organization
- Wilderness Coast Libraries

Wakulla County, Florida

Operating Results*

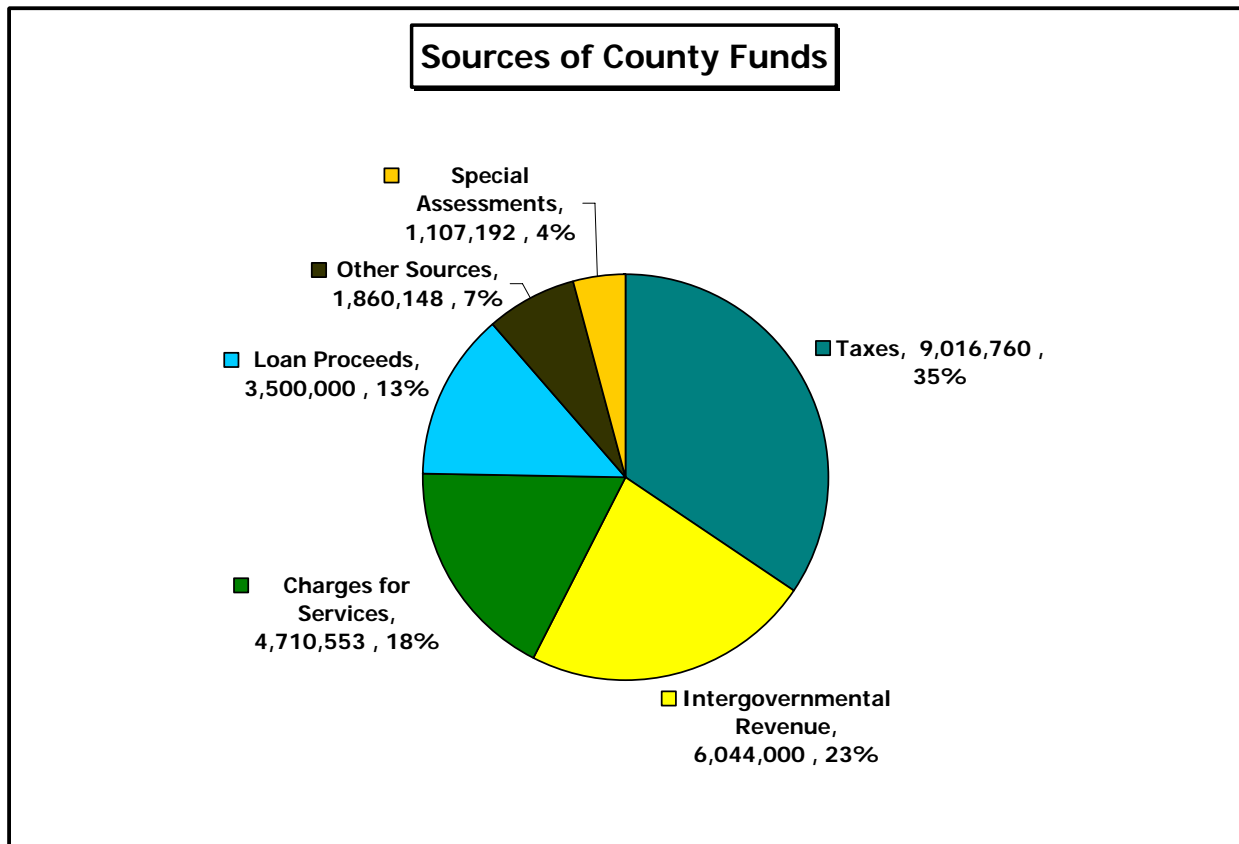
For the year ended September 30, 2004

Sources of County Funds:	Amount (Thousands)	Percent
Taxes	\$ 9,017	35%
Intergovernmental Revenue	6,044	23%
Charges for Services	4,711	18%
Loan Proceeds	3,500	13%
Other Sources	1,860	7%
Special Assessments	1,107	4%
Total Current Sources of Funds	\$ 26,239	100%
 Balance, Beginning of Year	 7,848	
 Total Sources Available	 \$ 34,087	
 Uses of County Funds:		
Law Enforcement / Corrections	\$ 8,241	31%
Transportation	6,117	24%
General Government	3,246	12%
Community / Human Services	3,227	12%
Public Works	2,185	8%
Fire & Rescue	2,206	8%
Other Public Safety	1,269	5%
Total Uses of Funds	\$ 26,491	100%
 Balance, End of Year	 \$ 7,596	

* These figures are un-audited

SOURCES OF COUNTY FUNDS

The County receives its operational funds from a variety of sources. The Board of County Commissioners levies several taxes, sets various charges for specific services and collects revenues from both the Federal and State levels. These “intergovernmental revenues” include operating dollars processed by the State as well as grants from the Federal and State levels. Finally, interest income is received throughout the year, as all public funds held by the County are invested until needed to pay a budgeted obligation.



Current revenues from all of the sources listed above are combined with funds remaining from the previous fiscal year, including any remaining cash proceeds from prior County borrowing, to make up the total resources available to fund budgeted expenditures. Some revenue sources are raised for specific purposes and can only be used for such purposes (called restricted funds), while other sources may be used for a variety of public purposes. The following page provides a brief description of the County’s revenue sources.

Taxes

Property Tax – This revenue is the annual tax levied on real and tangible personal property. A countywide levy is made to cover countywide general and administrative operations. The millage rate for 2003-2004 was 10 mills.

Tourist Development Tax – This revenue is a tax of two percent on all short-term living quarters such as motels, apartments, houses, mobile homes, and campgrounds. This tax is legally restricted to tourist promotion matters. The Tourist Development Council administers these dollars.

Local Option 1¢ Sales Tax – A surtax of one percent is applied to all transactions within the County that are subject to state sales tax. These dollars are divided by resolution into four categories for expenditures: Road Paving (60%), Public Facilities (20%), Public Safety (15%), and Parks & Recreation (5%). Expenditures of these monies are restricted to infrastructure related purchases within their respective category.

Public Service/Communications Tax – Telecommunication services are taxed on a statewide basis, which includes a local component approved by the Board. These funds are used for general operations.

Gas Tax – The County receives 10 cents in gas taxes for every gallon of gas sold. Some of these taxes have been locally enacted. These taxes are divided into four categories: the 5th & 6th Cent or “Constitutional” gas tax, the 7th Cent or “County” gas tax, the 9th Cent gas tax and the 10th – 15th Cent or “Local Option” gas tax. These tax proceeds are restricted and used for maintenance, operating, construction, debt service and capital purchases for the Road & Bridge department.

Intergovernmental Revenue

State Sales Tax – A portion of the State Sales Tax is returned to counties. There are two components of the tax: the “½ Cent Sales Tax” and the “County Kicker” or supplement for small counties. These funds are used for general operations.

Federal and State Grants – The Federal and State governments award grants to the County for a variety of specific purposes and programs such as public safety, transportation, physical and economic environment, human services, and culture and recreation. Each grant is restricted to purchases for the purposes provided in each grant application.

State Revenue Sharing – Certain other State revenues are shared with counties. These funds are used for general operations.

Charges for Services

There are a variety of charges collected by the County. These include planning & zoning fees, tax collector fees, sheriff fees, prisoner housing fees, parks and recreation fees, library fees, building permits and fees, ambulance fees, court fees and others. Some of these charges are used for specific departments and others are used for general operations.

Loan Proceeds

The County's Long Term Debt is discussed in more detail later in this report. From time to time the County will borrow funds for specific projects. This year, the County received loan proceeds of \$3,500,000 of a \$4,000,000 loan. The balance of \$500,000 will be borrowed in the 04-05 year. These proceeds have been used to pave new roads.

Special Assessments

Impact Fees – Fees are levied on new growth for new development's impact on County infrastructure. Such services include transportation (40%), law enforcement (9%) and corrections (11%), public buildings (25%), recreation (7.5%), and libraries (7.5%). Both commercial and residential developments are assessed impact fees. These dollars are restricted to capital outlay purchases associated with new growth.

Municipal Service Benefit District Fees (MSBU) – A \$35 charge is levied against homeowners and is the mechanism used to provide fire protection services to our citizens. These monies are restricted and are used to maintain, operate and purchase capital equipment for the ten volunteer fire departments.

Other Sources

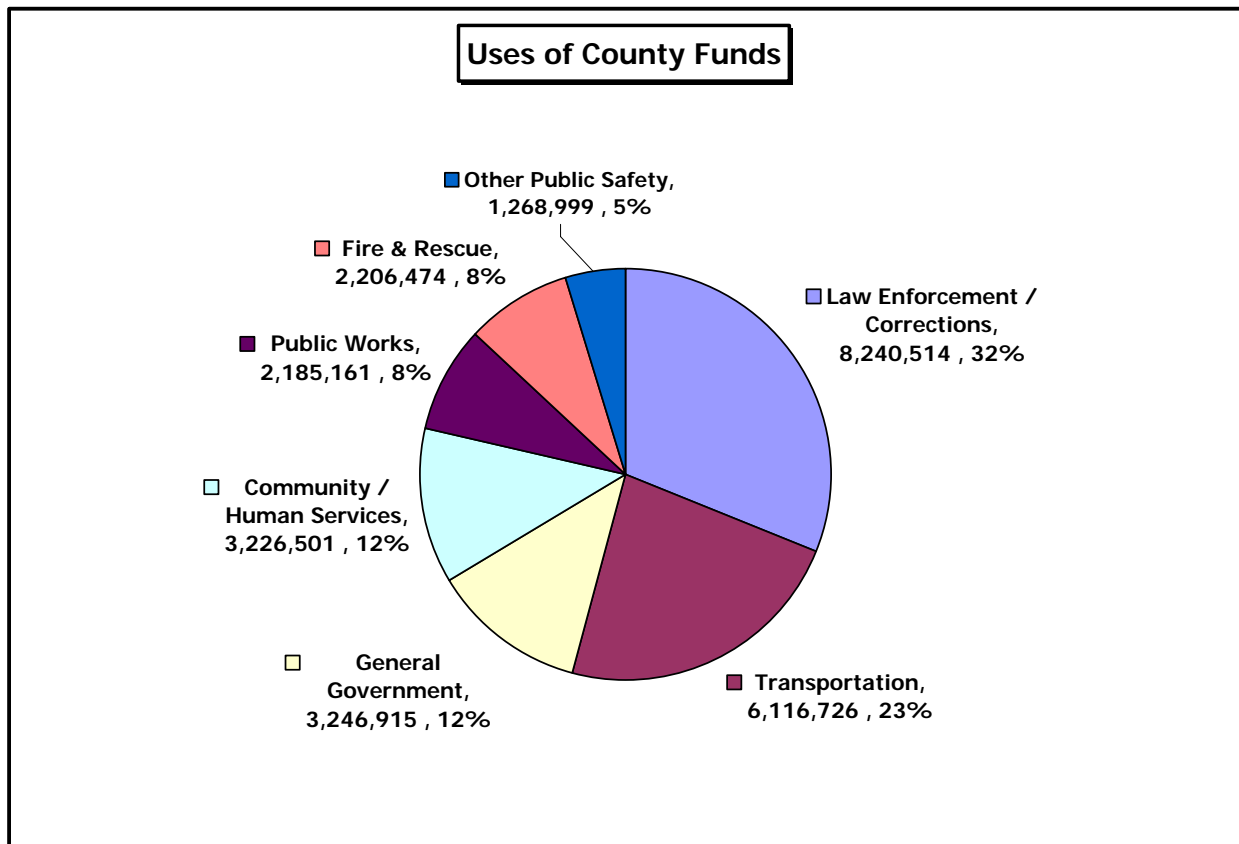
There are other miscellaneous revenues collected by the County. They include licenses, permits, various fines, forfeitures, contributions, interest earned, transfers from other funds and returns from constitutional officers. Many of these revenues can be used for general operations.

USES OF COUNTY FUNDS

The County provides a wide variety of services to its citizens. The services are provided countywide. There are two incorporated cities within Wakulla County: St. Marks and Sopchoppy. The County has inter-local agreements with both cities to provide services to these areas such as fire protection, law enforcement, emergency medical services as well as many others services.

Expenditures are accounted for by various funds and ledger accounts within those funds. As mentioned previously, separate funds are used to distinguish different funding sources from one another. For reporting purposes, expenses are categorized by type of expenditure and our accounting system follows the State's "Chart of Accounts". These categories of expenses can be seen in the chart below.

Annual operational expenses are paid with the current revenues that come in during the year and with funds left over from the previous fiscal year provided that the County budgets for those "carry-forward" monies. Major capital projects are funded by restricted revenues earmarked for these purposes such as gas taxes, impact fees, one cent sales taxes or grant monies. Many other capital projects are funded from proceeds from borrowing.



General Government

Administrative & General Operations – These services are provided through several departments. They include the offices of the Board of County Commissioners, the County Administrator, the Planning & Zoning, Grants, and Facilities Management departments as well as many other expenditures not related to a particular department. Also included are four constitutional officers whose budgets are funded by the Board and who do not fall under any of the categories below. They are as follows: the Property Appraiser, the Tax Collector, the Supervisor of Elections and the Finance Office of the Clerk of Court. All general government operations are funded mainly through ad valorem taxes, but there are a variety of other smaller sources as previously described in this report.

Public Safety

Law Enforcement & Corrections – This category represents the two main functions of the Sheriff's Office. The Board's funding of the Sheriff's budget is divided into Law Enforcement, Corrections, Civil Defense, E911 Services and Animal Control. These expenditures are funded through general revenues, impact fees, 15% of 1 Cent Sales tax and a few grants.

Fire & Rescue – This category includes the 10 Volunteer Fire departments and the Ambulance / Emergency Medical Services department. The Fire departments are funded through the MSBU fees and the Ambulance department is funded through general revenues and fees generated in providing emergency services. Both are eligible for funds from the 15% Public Safety category of the 1 Cent Sales tax.

Other Public Safety – This category represents departments such as Code Enforcement, Probation, Building, Medical Examiner and Judicial. The Code Enforcement and Medical Examiner expenditures are funded through ad valorem taxes. The Probation and Building departments are funded through user fees.

The Court System is comprised of the Circuit Judge, County Judge, Bailiff Services, Clerk of Court and many other local and state mandated programs. On July 1, 2004, Article V of the Florida Constitution was revised. This changed much about how the judicial system was funded. The Clerk of Court no longer receives any funding for court related functions from the Board. But, the Board is now required to fund small portions of the State Attorney's Office, the Public Defender's Office, the Circuit and County Judges' Offices and the Court Administrator's Office and other locally mandated programs. Some of these expenditures are funded through user fees of the Circuit and County court systems and others are funded through general revenues.

Transportation

Road & Bridge – This category represents the Road & Bridge department. These expenditures include maintenance, operations and construction of roads and bridges and are funded through a variety of sources such as gas taxes, 60% of the 1 Cent Sales tax, impact fees and grant monies.

Public Works

Garbage / Solid Waste – This category represents the Landfill operated by the County and Litter Control operated through the Sheriff's Office. These expenditures are funded through a combination of user fees and grant monies.

Sewer / Water – This category mainly represents the wastewater facility operated by the County. The County does operate a small water department known as Riversink Water. These expenditures are funded through various user and connection fees. Many of the expansion projects are also funded through grant monies.

Other Public Works – These expenditures include the Agriculture department. The State considers this department's expenditures as "Conservation & Resource Management" which fall under the purview of Public Works. These expenditures are funded through general revenues and some user fees.

Community / Human Services

Human Services - These expenditures include the departments of Veteran's Services, Housing, State Housing Initiatives Partnership Program, Low Income Home Energy Assistance Program, Low Income Emergency Home Repair Program, Weatherization, Health, Medical Services, Mosquito Control, and Commodities. Veteran's Services and Medical Services are funded through general revenues and the other departments are funded through grant monies.

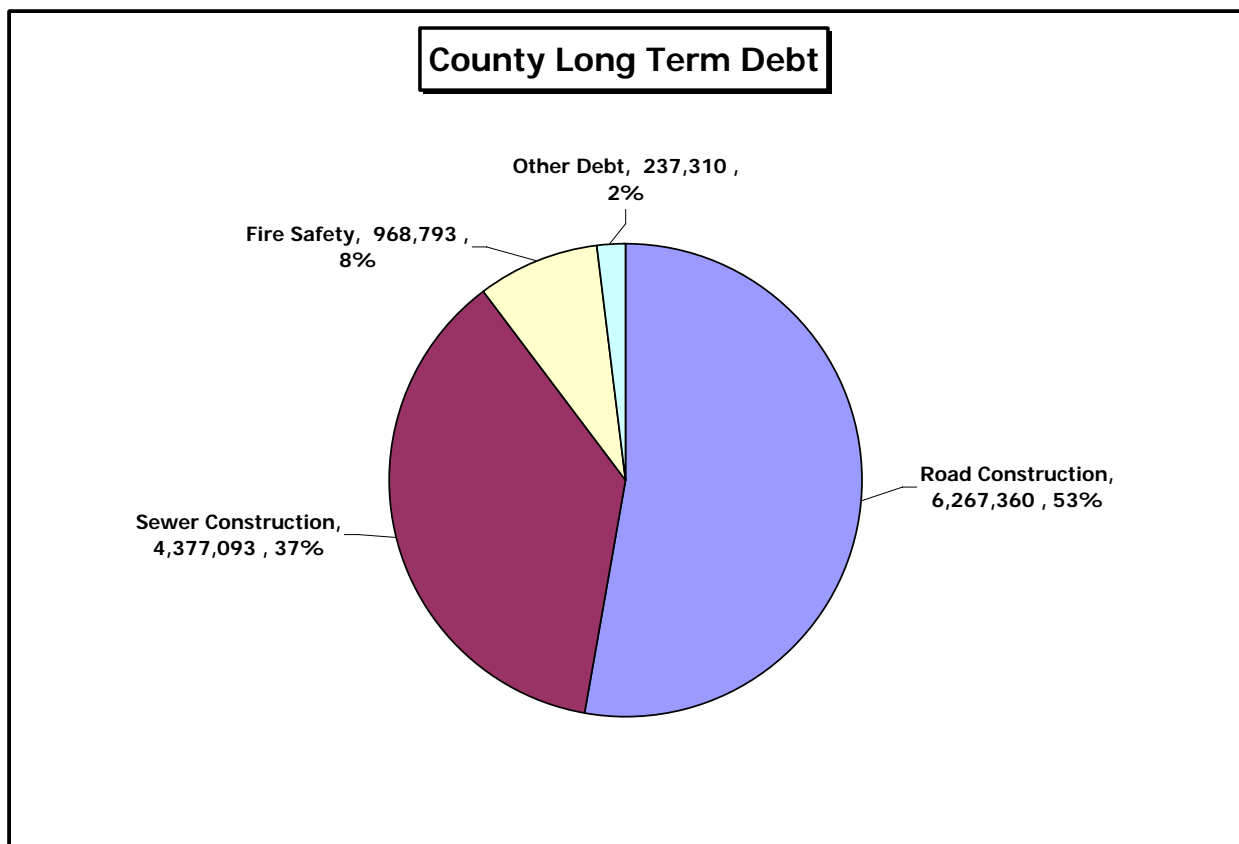
Culture & Recreation – These expenditures include the Library, Parks & Recreation and Tourist Development departments. Library expenditures are funded through general funds, user fees, impact fees and grant monies. Parks & Recreation expenditures are funded through general funds, user fees, impact fees and 5% of 1 Cent Sales tax. There were several grants received to improve parks within the County. The Tourism expenditures are funded through the 2% tourist development tax and grant monies.

COUNTY LONG TERM DEBT

While the County is able to balance its budget every year for operating expenses, it does go into debt for the acquisition of some major projects or capital expenditures. This is done to extend the payment for such things over their useful lives, much like a citizen does with a home mortgage or car loan. By doing this, the burden for paying for these facilities and equipment is spread out to all future taxpayers who will benefit rather than only those present at the time of construction or acquisition.

State law prohibits the County from giving facilities or equipment as collateral for debt. Instead, the County pledges certain sources of revenue to make debt installment payments. The revenues must be used first to pay the installments due then any amount left over can be used for other valid expenditures.

As of September 30, 2004, the County owed \$11.85 million in note/loan debt. Installment payments due on notes/loans for the next fiscal year total \$1.42 million. During the 2003-2004 fiscal year, new debt was added for the road paving project in the amount of \$3.5 million. Other debt was added totaling \$812,588 and \$820,249 was paid for reduction of principal of existing debt. The outstanding debt can be broken down into the categories shown in the following graph and they are briefly described on the following page.



Road Construction Debt

- **Amount owed:** \$6,267,360
- **Pledged revenue:** Gas Taxes and 1 Cent Sales Tax
- **Use of borrowed funds:** Paving new roads
- **Description:** The loans are with Bank of America. The “Gas Tax” loan was spent to pave new roads based on a list approved by the BOCC. The “1 Cent” loan was spent to pave new roads based on the “paving matrix” which prioritized roads into an order of importance based on many factors.

Sewer Construction Debt

- **Amount owed:** \$4,377,093
- **Pledged revenue:** Sewer Revenue
- **Use of borrowed funds:** Expand the sewer system
- **Description:** This loan is with Bank of America. The “Sewer” loan was spent to build and expand the existing sewer system into other parts of the County so both new and existing residential homeowners and commercial businesses could stop using individual septic tanks and connect to a centralized system.

Fire Safety Debt

- **Amount owed:** \$968,793
- **Pledged revenue:** MSBU Fees
- **Use of borrowed funds:** Purchase fire trucks and training tower
- **Description:** There are four different loans with various lending entities. These funds were spent to build the fire training tower, purchase 3 new fire trucks and 2 new pumper trucks.

Other Debt

- **Amount owed:** \$237,310
- **Description:** This debt was spent to purchase three pieces of equipment for the road department and landfill department and pave Brookforest and Tupelo Ridge neighborhood road projects. The equipment loans are funded through gas taxes and landfill fees. The neighborhood road paving loans are funded through homeowner assessments.

COUNTY DEMOGRAPHICS

Wakulla County has experienced steady growth for more than 15 years. Our percentage growth rate had placed Wakulla County in the 5 fastest growing counties in Florida and this trend will likely continue. Maintaining adequate public services to provide a quality of life that we are so used to is a key challenge faced by the leaders of Wakulla County.

We have gathered some historical data in several areas which, hopefully, will be informative to you. You will find two sets of figures: historical data for the past 5 years and trend data for the next 10 years.

Summary of Key Growth Indicators*

Year:	<u>00-04</u>	<u>(Projection)</u>	
		<u>05-09</u>	<u>10-14</u>
Population:			
% Growth rate	2.82	2.35	2.07
# of Persons (+/-)	690	653	644
Households	9,000	10,240	11,660
Total population (5 yr. average)	24,324	28,249	31,298
Labor Market:			
% of Unemployment	3.68	3.76	3.58
# Non-agricultural jobs	4,740	5,360	5,900
Personal Income:			
Real per capita income**	22,035	24,040	26,902
Total personal income***	602	824	1,151
Taxable Sales:			
Total taxable sales (Millions)	90.6	121.2	163.0
Housing Starts:			
Total Housing starts	340	200	240
Total Housing Stock:			
Single Family / Multi Family	6,040	7,000	8,120
Mobile Homes	4,400	4,900	5,400

* Numbers are averages for period shown

** BEBR adjusted to 1997 dollars

Source: University of Florida, Bureau of Economic & Business Research,
Florida Long-term Economic Forecast 2002