

WAKULLA COUNTY, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2005

**WAKULLA COUNTY, FLORIDA
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SEPTEMBER 30, 2005**

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JAMES MOORE & CO., P.L.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Wakulla County, Florida as of and for the year ended September 30, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Wakulla County, Florida's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Wakulla County, Florida, as of September 30, 2005 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2006, on our consideration of the Wakulla County, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 3 - 10 and 34 - 38 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinions on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wakulla County, Florida's basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by U.S. office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550, Rules of the State of Florida, Auditor General and is not a required part of the basic financial statements of Wakulla County, Florida. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

James Moore & Co.

Tallahassee, Florida

May 30, 2006

(except for Note IV. N. as to which the date is August 7, 2006)

Management's Discussion and Analysis

As management of Wakulla County, Florida (County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal years ended September 30, 2005 and 2004.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$26,808,979 (*net asset* 11). Of this amount, \$836,923 (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net assets increased by \$2,830,579 (page 7). Approximately two thirds (2/3) of this increase is attributable to investments in capital assets of the governmental activities.
- At the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$7,955,687 (page 13). In comparison with the prior year, this is an increase of \$339,624. Approximately one fourth (1/4) of this total amount, \$2,171,396 is available for spending at the County's discretion (*unreserved, undesignated fund balance*).
- At the end of the current fiscal year, unreserved, undesignated fund balance for the general fund was \$2,171,396 (page 13) or 13 percent of total general fund expenditures.
- The County's total debt decreased by \$126,343 (page 31) during the current fiscal year. This amount is the result of the increase in governmental activities debt of \$117,149 offset by a decrease in business activities debt of \$243,492.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of four components: 1) government-wide financial statements, 2) fund financial statements, 3) fiduciary funds, and 4) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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 *statement of net assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public safety, physical environment, court related, transportation, economic environment, human services, and culture and recreation. The business-type activities of the County include sewer and solid waste operations.

The government-wide financial statements can be found on pages 11 – 12 of this report.

Fund financial statements. *A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other county governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary 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 useful 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 fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation (page 15) to facilitate this comparison between *governmental funds* and *governmental activities*.

As of the close of the current fiscal year, The County maintained forty one (41) 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, one cent sales tax fund, disaster relief fund, and road department fund, which are considered to be major funds. Data from the other thirty seven (37) governmental funds are combined into a single, aggregated presentation.

The County adopts an annual appropriated budget for all governmental funds. A budgetary comparison statement has been provided for the County's major funds to demonstrate compliance with their respective budget (page 35-38).

The basic governmental fund financial statements can be found on pages 13 – 15 of this report.

Proprietary funds. The County maintains two (2) proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its sewer and solid waste operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sewer and solid waste operations, both of which are considered to be a major fund.

The basic proprietary fund financial statements can be found on pages 16 – 18 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 19 of this report.

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. The notes to the financial statements can be found on pages 20 – 33 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the County's budgetary information. Required supplementary information can be found on pages 34 – 38 of this report. The County's principal leaders, five (5) elected county commissioners and a non-elected county administrator are listed on page 40. A Schedule of Expenditures of Federal Awards and State Financial Assistance can be found on pages 41 – 45. This schedule lists all federal and state grants awarded to the County and their related expenditures for fiscal year ended September 30, 2005.

Government-wide Financial Analysis,

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$26,808,979 and \$23,978,400 at September 30, 2005 and 2004, respectively (page 6 – 7).

By far the largest portion of the County's net assets 76% for 2005 and 77% for 2004 reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment, page 6); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Wakulla County's Net Assets

	<u>Governmental Activities</u>		<u>Business – Type Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
ASSETS						
Current and other assets	\$ 10,397,976	\$ 10,156,638	\$ 1,183,962	\$ 365,037	\$ 11,581,938	\$ 10,521,675
Capital assets	22,384,262	20,496,562	9,750,832	9,974,112	32,135,094	30,470,674
Total Assets	<u>\$ 32,782,238</u>	<u>\$ 30,653,200</u>	<u>\$10,934,794</u>	<u>\$10,339,149</u>	<u>\$ 43,717,032</u>	<u>\$ 40,992,349</u>
LIABILITIES						
Long – term liabilities	\$ 10,061,703	\$ 9,944,554	\$ 4,133,602	\$ 4,377,093	\$ 14,195,305	\$ 14,321,647
Other liabilities	2,442,289	2,540,577	270,459	151,725	2,712,748	2,692,302
Total Liabilities	<u>\$ 12,503,992</u>	<u>\$ 12,485,131</u>	<u>\$ 4,404,061</u>	<u>\$ 4,528,818</u>	<u>\$ 16,908,053</u>	<u>\$ 17,013,949</u>
NET ASSETS						
Invested in capital assets	\$ 14,767,501	\$ 12,994,654	\$ 5,617,231	\$ 5,597,019	\$ 20,384,732	\$ 18,591,673
Restricted	5,587,324	4,595,214	-	-	5,587,324	4,595,214
Unrestricted	(76,579)	578,201	913,502	213,312	836,923	791,513
Total Net Assets	<u>\$ 20,278,246</u>	<u>\$ 18,168,069</u>	<u>\$ 6,530,733</u>	<u>\$ 5,810,331</u>	<u>\$ 26,808,979</u>	<u>\$ 23,978,400</u>

An additional portion of the County's net assets (21% for 2005 and 19% for 2004) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (3% for 2005 and 4% for 2004) may be used to meet the County's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the County is able to report positive balances in all three (3) categories of net assets for the government as a whole. The same situation held true for the prior fiscal year.

In the County's governmental activities, the unrestricted net assets decreased from the prior fiscal year by \$654,780. This decrease was due to two (2) main factors: unanticipated costs related to disaster recovery and clean-up from Hurricane Dennis and increased public safety costs.

In the business-type activities, there was an increase in the unrestricted net assets over the prior fiscal year of \$720,402. Of this amount, 91% is attributable to an increase in charges for services in the sewer fund.

Wakulla County's Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business – Type Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Revenues:						
Program revenues:						
Charges for services	\$ 6,230,569	\$ 5,026,084	\$ 2,159,394	\$ 929,809	\$ 8,389,963	\$ 5,955,893
Operating grants and contributions	4,117,658	4,120,482	-	-	4,117,658	4,120,482
Capital grants and contributions	916,360	1,049,314	-	134,557	916,360	1,183,871
General revenues:						
Property and other taxes	11,449,373	6,535,406	-	-	11,449,373	6,535,406
Licenses and permits	215,958	143,793	-	-	215,958	143,793
Intergovernmental and other	3,481,975	6,735,905	28,098	1,851	3,510,073	6,737,756
Total revenues	<u>\$ 26,411,893</u>	<u>\$ 23,610,984</u>	<u>\$ 2,187,492</u>	<u>\$ 1,066,217</u>	<u>\$ 28,599,385</u>	<u>\$ 24,677,201</u>
Expenses:						
General government	\$ 5,223,029	\$ 5,069,576	\$ -	\$ -	\$ 5,223,029	\$ 5,069,576
Public safety	11,055,880	9,832,984	-	-	11,055,880	9,832,984
Physical environment	724,078	921,488	-	-	724,078	921,488
Court Related	543,122	-	-	-	543,122	-
Transportation	3,618,058	2,257,553	-	-	3,618,058	2,257,553
Economic environment	1,039,973	1,009,017	-	-	1,039,973	1,009,017
Human services	865,612	783,493	-	-	865,612	783,493
Culture and recreation	722,997	661,819	-	-	722,997	661,819
Interest on long term debt	273,708	236,024	-	-	273,708	236,024
Sewer and Solid Waste	-	-	1,702,349	841,564	1,702,349	841,564
Total expenses	<u>\$ 24,066,457</u>	<u>\$ 20,771,954</u>	<u>\$ 1,702,349</u>	<u>\$ 841,564</u>	<u>\$ 25,768,806</u>	<u>\$ 21,613,518</u>
Increase in net assets before Transfers	\$ 2,345,436	\$ 2,839,030	\$ 485,143	\$ 224,653	\$ 2,830,579	\$ 3,063,683
Transfers	1,850	(50,000)	(1,850)	50,000	-	-
Increase in net assets	2,347,286	2,789,030	483,293	274,653	2,830,579	3,063,683
Net assets, beginning of year	18,168,069	15,379,039	5,810,331	5,535,678	23,978,400	20,914,717
Equity Transfer (see note IV. K)	(237,109)	-	237,109	-	-	-
Net assets, end of year	<u>\$ 20,278,246</u>	<u>\$ 18,168,069</u>	<u>\$ 6,530,733</u>	<u>\$ 5,810,331</u>	<u>\$ 26,808,979</u>	<u>\$ 23,978,400</u>

Governmental activities. Governmental activities increased the County's net assets by \$2,347,286 in the current year (page 7, 12), thereby accounting for 83% of the total addition in the net assets of the County.

Key elements of these increases are as follows:

- Requests for new or additional services increased translating into an increase in expenses. The majority of these increased expenses (78%) were related to public safety and transportation.
- An increasing population and requests for additional services resulted in an increase in charges for services revenues (43%)
- Taxes (property, gas and one cent sales) and intergovernmental revenues continue to increase and represent the balance of new revenues (57%).

Business-type activities. Business-type activities increased the County's net assets by \$483,293 in the current year (page 7, 12, 17), thereby accounting for the remaining 17% of the total addition in the net assets of the County.

Key elements of this increase are as follows:

- Expenses rose due to the reclassification of the Solid Waste Fund as a proprietary fund. Of the \$860,785 increase, 92% is due to this reclassification.
- Revenues rose due to the reclassification of this fund and represented \$608,465 or 49% of the additional revenues. The Sewer Fund increased its revenues by \$621,120 and the majority of these revenues are attributable to access fees.

Financial Analysis of Wakulla County's Funds

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

Governmental fund. The focus of the County's *governmental fund* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balance of \$7,955,687 (page 13), an increase of \$339,624 in comparison with the prior years combined fund balance of \$7,616,063. Some of this total amount (\$2,171,396 or 27%) constitutes *unreserved fund balance*, which is available for spending at the County's discretion. The remainder of fund balance is *reserved* or *designated* to indicate that it is not available for new spending because it has already been committed or its use has been restricted (i.e. one cent sales tax or impact fees).

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved and total fund balances of the general fund were \$2,171,396 and \$2,799,776. In the prior year, they were \$1,678,783 and \$2,205,366, respectively. As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. The general fund fund balance represents 17% of total general fund expenditures while total fund balance represents 30% of all governmental funds expenditures.

The fund balance of the County's general fund increased by \$594,410 (page 14) during the current fiscal year and increased by \$969,710 in the prior fiscal year. Key factors in these changes are as follows:

- The County built additional space for the library facility. While a portion of the funds used to complete this project were grant related, \$354,269 of library impact fees were also used. These funds were a part of the prior year fund balance.
- Despite increased costs in 1) the ambulance department, which now is fully funded by the general fund since the removal of the MSBU fees, 2) unanticipated costs related to hurricane clean up, a portion of which (\$147,297) was not reimbursed by FEMA, the County was still able to increase the fund balance due to previously mentioned increases in revenues (see previous page).

Proprietary fund. The County's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Sewer and the Solid Waste funds at the end of the current year amounted to \$913,502 (page 16) and \$213,312 in the prior year. The total increase in net assets for the fund was \$483,293 (page 17) in the current year and \$274,653 in the prior year. Other factors concerning the finances of these funds have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

During the year there was a \$325,564 (page 35) increase in appropriations between the original (\$16,106,199) and final amended budget (\$16,431,763). The key differences between the original budget and the final amended budget for the current year and prior year are as follows:

- The Court Administration mandated a new position for information technology assistance. This position was funded by all of the Counties in the 2nd Judicial Circuit. Wakulla County is acting as the host county for this position. The cost of this new position was \$57,396.
- As mentioned previously, the County added space to the library facility and \$120,000 of the total cost was funded by a grant.
- The Supervisor of Election Office increased its budget by \$58,573 which represents grants related to voter education and voting equipment.
- The Clerk of Court Office increased its fee budget by \$89,595 which represents unanticipated increases in revenues.

Capital Asset and Debt Administration

Capital assets. The County's capital assets for its governmental and business type activities amounts to \$32,135,094 (page 11, 28) and \$30,470,674 (net of accumulated depreciation) for 2005 and 2004 respectively. This investment in capital assets includes land, buildings, systems and improvements, machinery and equipment, park facilities, and roads and bridges. The total increase in the County's investment in capital assets for the current fiscal year was 5.5%.

Major capital asset events during the current and prior fiscal years included the following:

- 2005 - Improvements to the library facility, completion of the jail expansion and Hudson Park pavilion, capital purchases of vehicles and equipment, the purchase of the old DCF building, the purchase of the Posey property, and road paving improvements.

- 2004 - Capital Improvements in the County's transportation and public utilities infrastructure, increases in recreation facilities and construction of public safety facilities.

Additional information on the County's capital assets can be found in Note IV. D. on page 28 of this report.

Long-term debt. At the end of the 2005 and 2004 fiscal years, the County had notes and capital leases payable of \$11,750,363 and \$11,879,001. Of the \$11,750,363, \$11,333,869 comprises debt backed by the full faith and credit of the County. The notes payable are collateralized by equipment or a pledge of revenue from the gas taxes, one cent sales taxes, and sewer charges. The balance of \$416,494 is special assessment debt for which the County is liable in the event of default by the property owners subject to the assessment.

Wakulla County's Outstanding Debt

	Governmental Activities		Business – Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Notes Payable	\$ 6,844,573	\$ 6,605,708	\$ 4,133,602	\$ 4,377,093	\$ 10,978,175	\$10,982,801
Capital Leases	772,188	896,200	-	-	772,188	896,200
Compensated Absences	579,080	543,720	-	-	579,080	543,720
Estimated Landfill Closure	1,865,862	1,898,928	-	-	1,865,862	1,898,928
Total	\$ 10,061,703	\$ 9,944,556	\$ 4,133,602	\$ 4,377,093	\$ 14,195,305	\$ 14,321,649

Additional information on the County's long-term debt can be found in on pages 30 – 31 of this report.

Economic Factors and Next Year's Budgets and Rates

- The population continues to increase. Wakulla County has consistently placed in the top five counties in Florida in average growth rate. This increase brings with it both an expectation of new or improved services creating a burden for the County to fulfill and new revenues to help offset the cost of these services. The population for 2005 was estimated at 26,867. The estimated growth rate for the next several years is 2.4%.
- Property valuations continue to rise. This increase results in an increase in property tax revenues thereby helping the County fulfill its obligations to the citizens. Commercial development continues to rise. This increase creates both a burden for new or expanded services and new revenues.
- The County unemployment rate has averaged 3.7% over the last five years. In comparison, the State unemployment rate for 2004 was 4.7% and the Nation's unemployment rate was 5.5%.
- The average income for a citizen of Wakulla County, \$22,035, falls far below the State and Nation average of \$29,638 and \$30,950, respectively. More information on the wage index (FCWI) and the price index (FCRPI) of the County can be found in the Clerk of Court Annual Report.

All of these factors were considered in preparing the County's budget for the 2006 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: County Administrator, Wakulla County, P.O. Box 1263, Crawfordville, FL 32326.

WAKULLA COUNTY, FLORIDA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2005

ASSETS	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 5,138,780	\$ 1,246,841	\$ 6,385,621
Investments	630,312	-	630,312
Receivables, net	4,169,560	127,087	4,296,647
Internal balances	189,966	(189,966)	-
Inventory	19,842	-	19,842
Land and improvements	3,510,715	144,869	3,655,584
Other capital assets, net of depreciation	18,873,547	9,605,963	28,479,510
Other assets	249,516	-	249,516
Total assets	32,782,238	10,934,794	43,717,032
LIABILITIES			
Accounts payable and accrued expenses	1,698,484	270,459	1,968,943
Deferred revenue	743,805	-	743,805
Noncurrent liabilities			
Due within one year	1,066,834	255,583	1,322,417
Due in more than one year	8,994,869	3,878,019	12,872,888
Total liabilities	12,503,992	4,404,061	16,908,053
NET ASSETS			
Invested in capital assets, net of related debt	14,767,501	5,617,231	20,384,732
Restricted for:			
Public safety	2,181,540	-	2,181,540
Capital improvements	3,172,996	-	3,172,996
Human services	232,788	-	232,788
Unrestricted	(76,579)	913,502	836,923
Total net assets	\$ 20,278,246	\$ 6,530,733	\$ 26,808,979

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

**WAKULLA COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGE IN NET ASSETS			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Functions/Programs							
Governmental activities							
General government	\$ 5,223,029	\$ 2,031,690	\$ -	\$ -	\$ (3,191,339)	\$ -	\$ (3,191,339)
Public safety	11,055,880	2,727,467	248,363	248,363	(5,958,926)	-	(5,958,926)
Physical environment	724,078	182,434	645,326	99,686	203,368	-	203,368
Court related	543,122	756,590	-	-	213,468	-	213,468
Transportation	3,618,058	427,550	-	376,311	(2,814,197)	-	(2,814,197)
Economic environment	1,039,973	26,143	170,080	-	(843,750)	-	(843,750)
Human services	865,612	-	1,181,128	-	315,516	-	315,516
Culture and recreation	722,997	78,695	-	192,000	(452,302)	-	(452,302)
Interest on long-term debt	273,708	-	-	-	(273,708)	-	(273,708)
Total governmental activities	24,066,457	6,230,569	4,117,658	916,360	(12,801,870)	-	(12,801,870)
Business-type activities							
Sewer and solid waste	1,702,349	2,159,394	-	-	-	457,045	457,045
Total business-type activities	1,702,349	2,159,394	-	-	-	457,045	457,045
Total Government	\$ 25,768,806	\$ 8,389,963	\$ 4,117,658	\$ 916,360	(12,801,870)	457,045	(12,344,825)
General revenues:							
Property and other taxes					11,449,373		11,449,373
Licenses and permits					215,958		215,958
Intergovernmental revenue					3,138,399		3,138,399
Other					343,576	28,098	371,674
Transfers					1,850	(1,850)	-
Total general revenues and transfers					15,149,156	26,248	15,175,404
Change in net assets					2,347,286	483,293	2,830,579
Net assets, beginning of year					18,168,069	5,810,331	23,978,400
Equity transfer (See note IV. K)					(237,109)	237,109	-
Net assets, end of year					\$ 20,278,246	\$ 6,530,733	\$ 26,808,979

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

WAKULLA COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2005

	General Fund	One Cent Sales Tax	Disaster Relief	Road Department	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 623,398	\$ 1,709,552	\$ 460,458	\$ 870,078	\$ 1,475,294	\$ 5,138,780
Investments	626,810	3,502	-	-	-	630,312
Accounts receivable, net	514,440	-	-	28,222	53,858	596,520
Due from other governments	1,066,852	209,766	188,603	301,489	1,806,330	3,573,040
Due from other funds	985,813	100,038	-	-	58,794	1,144,645
Prepaid items	196,967	-	-	-	52,549	249,516
Inventory	-	-	-	19,842	-	19,842
Total assets	\$ 4,014,280	\$ 2,022,858	\$ 649,061	\$ 1,219,631	\$ 3,446,825	\$ 11,352,655

LIABILITIES AND FUND BALANCES

Liabilities:						
Accounts payable and accrued expenses	\$ 819,875	\$ 2,004	\$ 359,382	\$ -302,942	\$ 185,590	\$ 1,669,793
Due to other government	-	-	28,691	-	-	28,691
Due to other funds	362,135	173,882	4,285	-	414,377	954,679
Deferred revenue	32,494	-	50,244	-	661,067	743,805
Total liabilities	1,214,504	175,886	442,602	302,942	1,261,034	3,396,968
Fund Balances:						
Reserved	628,380	1,846,972	206,459	916,689	2,185,791	5,784,291
Unreserved	2,171,396	-	-	-	-	2,171,396
Total fund balances	2,799,776	1,846,972	206,459	916,689	2,185,791	7,955,687
Total liabilities and fund balances	\$ 4,014,280	\$ 2,022,858	\$ 649,061	\$ 1,219,631	\$ 3,446,825	

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

- Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds
- Long-term liabilities, including bonds, are not due and payable in the current period and, therefore, are not reported in the funds

Net assets of governmental activities

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

22,384,262

(10,061,703)
\$ 20,278,246

WAKULLA COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

	General Fund	One Cent Sales Tax	Disaster Relief	Road Department	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes, licenses, permits	\$ 7,532,516	\$ 1,579,654	\$ -	\$ 1,870,642	\$ 682,519	\$ 11,665,331
Intergovernmental	3,449,907	-	626,587	124,416	3,295,001	7,495,911
Fines and forfeitures	5,244	-	-	-	57,885	63,129
Charges for services	5,562,775	-	989	-	666,805	6,230,569
Other	246,370	20,037	1,234	41,467	649,695	958,803
Total revenues	16,796,812	1,599,691	628,810	2,036,525	5,351,905	26,413,743
Expenditures						
General government	4,262,495	128	-	-	86,766	4,349,389
Public safety	9,048,487	-	-	-	1,504,031	10,552,518
Physical environment	131,633	-	422,864	-	151,107	705,604
Court Related	543,122	-	-	-	-	543,122
Economic environment	29,063	-	-	-	1,042,860	1,071,923
Human services	646,823	-	-	-	181,182	828,005
Culture and recreation	616,635	-	-	-	44,830	661,465
Transportation	-	-	-	1,765,290	821,080	2,586,370
Capital outlay	1,024,979	2,428,878	-	53,074	948,991	4,455,922
Debt service	25,367	344,013	-	465,555	142,361	977,296
Total expenditures	16,328,604	2,773,019	422,864	2,283,919	4,923,208	26,731,614
Excess (deficiency) of revenues over expenditures	468,208	(1,173,328)	205,946	(247,394)	428,697	(317,871)
Other financing sources (uses)						
Transfers in	10,020,869	153,700	-	-	105,345	10,279,914
Transfers out	(9,969,651)	-	-	(1,850)	(306,563)	(10,278,064)
Transfer out to state programs	(241,128)	-	-	-	-	(241,128)
Loan proceeds	316,112	492,300	-	325,000	470	1,133,882
Total other financing sources (uses)	126,202	646,000	-	323,150	(200,748)	894,604
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	594,410	(527,328)	205,946	75,756	227,949	576,733
Fund balances, beginning of year	2,205,366	2,374,300	513	840,933	2,194,951	7,616,063
Equity transfer (see note IV. K)	-	-	-	-	(237,109)	(237,109)
Fund balances, end of year	\$ 2,799,776	\$ 1,846,972	\$ 206,459	\$ 916,689	\$ 2,185,791	\$ 7,955,687

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

**WAKULLA COUNTY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2005**

Amounts reported for governmental activities in the statement of activities (page 12) are different because:

Net change in fund balances-total governmental funds	\$	576,733
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		1,914,603
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.		(26,903)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transactions, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(117,147)
Change in net assets of governmental activities (page 12)	<u>\$</u>	<u>2,347,286</u>

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

**WAKULLA COUNTY, FLORIDA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2005**

	<u>Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,013,103	\$ 233,738	\$ 1,246,841
Accounts receivables, net of allowance for uncollectible accounts	111,631	15,456	127,087
Total current assets	<u>1,124,734</u>	<u>249,194</u>	<u>1,373,928</u>
Noncurrent assets:			
Capital assets, net of accumulated depreciation	9,750,832	-	9,750,832
Total Assets	<u>10,875,566</u>	<u>249,194</u>	<u>11,124,760</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	102,339	25,774	128,113
Deposits payable	125,196	17,150	142,346
Note payable, current portion	255,583	-	255,583
Due to other funds	34,106	155,860	189,966
Noncurrent liabilities:			
Note payable, long-term portion	3,878,019	-	3,878,019
Total liabilities	<u>4,395,243</u>	<u>198,784</u>	<u>4,594,027</u>
NET ASSETS			
Investment in capital assets, net of related debt	5,617,231	-	5,617,231
Unrestricted	863,094	50,408	913,502
Total net assets	<u>\$ 6,480,325</u>	<u>\$ 50,408</u>	<u>\$ 6,530,733</u>

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

WAKULLA COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

	Sewer Fund	Solid Waste Fund	Total
Operating revenues:			
Charges for services	\$ 1,568,437	\$ 590,957	\$ 2,159,394
Operating expenses:			
Materials, supplies and other	486,919	795,165	1,282,084
Depreciation and amortization	243,799	-	243,799
Total operating expenses	<u>730,718</u>	<u>795,165</u>	<u>1,525,883</u>
Operating income (loss)	<u>837,719</u>	<u>(204,208)</u>	<u>633,511</u>
Nonoperating revenues (expenses):			
Miscellaneous	10,590	17,508	28,098
Interest expense	(176,466)	-	(176,466)
Total nonoperating revenues (expenses)	<u>(165,876)</u>	<u>17,508</u>	<u>(148,368)</u>
Income (loss) before transfers	<u>671,843</u>	<u>(186,700)</u>	<u>485,143</u>
Transfers out	(1,850)	-	(1,850)
Net income (loss)	<u>669,993</u>	<u>(186,700)</u>	<u>483,293</u>
Net assets, beginning of year	5,810,331	-	5,810,331
Equity transfer (see note IV. K)	-	237,109	237,109
Net assets, end of year	<u>\$ 6,480,324</u>	<u>\$ 50,409</u>	<u>\$ 6,530,733</u>

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

WAKULLA COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2005
Increase (Decrease) in Cash and Cash Equivalents

	Sewer Fund	Solid Waste Fund	Total
Cash flows from operating activities			
Cash received from customers and others	\$ 1,539,112	\$ 577,636	\$ 2,116,748
Cash paid to suppliers	(513,443)	(743,627)	(1,257,070)
Net cash provided by (used in) operating activities	<u>1,025,669</u>	<u>(165,991)</u>	<u>859,678</u>
Cash flows from noncapital financing activities			
Transfers out	(1,850)	-	(1,850)
Cash flows from capital and related financing activities			
Principal payments on long-term debt	(243,492)	-	(243,492)
Acquisition and construction of capital assets	(20,519)	-	(20,519)
Interest paid	(176,466)	-	(176,466)
Net cash used in capital and related financing activities	<u>(440,477)</u>	<u>-</u>	<u>(440,477)</u>
Cash flows from investing activities			
Interest and other nonoperating revenues	10,590	17,508	28,098
Net increase (decrease) in cash and cash equivalents	<u>593,932</u>	<u>(148,483)</u>	<u>445,449</u>
Cash and cash equivalents, beginning of year	419,171	382,221	801,392
Cash and cash equivalents, end of year	<u>\$ 1,013,103</u>	<u>\$ 233,738</u>	<u>\$ 1,246,841</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ 837,719	\$ (204,208)	\$ 633,511
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	243,799	-	243,799
Changes in asset and liabilities:			
Increase in accounts receivable and due from other governments	(65,974)	(15,371)	(81,345)
Increase (decrease) in due to other funds	(65,684)	100,038	34,354
Increase (decrease) in accounts payable and accrued expenses	39,160	(48,500)	(9,340)
Increase in customer deposits	36,649	2,050	38,699
Total adjustments	<u>187,950</u>	<u>38,217</u>	<u>226,167</u>
Net cash provided by (used in) operating activities	<u>\$ 1,025,669</u>	<u>\$ (165,991)</u>	<u>\$ 859,678</u>

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

**WAKULLA COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2005**

	Agency
ASSETS	
Cash and cash equivalents	\$ 1,171,413
Due from other governments	5,520
Total assets	1,176,933
LIABILITIES	
Accounts payable and other accrued expenses	326,836
Due to other governments	408,136
Unremitted collections	4,867
Due to other entities of Wakulla County	227,887
Tax deposits	168,392
Inmate trust funds	40,815
Total liabilities	1,176,933
NET ASSETS	
Unrestricted	\$ -

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

WAKULLA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

I. Summary of Significant Accounting Policies

A. Reporting entity

Wakulla County, Florida (County) is a political subdivision of the State of Florida. It is governed by an elected Board of County Commissioners (the Board) which is governed by State statutes and regulations. The Board has no powers other than those expressly vested in it by State Statute and their governmental powers cannot be delegated. The Board appoints an administrator to administer all policies emanating from its statutory powers and authority. The Clerk of the Circuit Court, an elected official, is clerk and accountant to the Board.

- The five Constitutional Officers are: Clerk of the Circuit Court (Clerk), Sheriff, Tax Collector, Property Appraiser, and Supervisor of Elections (Supervisor). The constitutional officers maintain separate accounting records and budgets. The accompanying financial statements present the government only since there are no component units for which the government is considered to be financially accountable.

The County has elected to report infrastructure acquired prior to October 1, 2002 in the fiscal year ending September 30, 2006.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. 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 and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

WAKULLA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

I. Summary of Significant Accounting Policies (Continued)

C. Measurement focus, basis of accounting, and financial statement presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *one cent sales tax fund* accounts for the resources accumulated and capital improvements financed with one cent sales tax.

The *disaster relief fund* accounts for cleanup associated with hurricane damage.

The *road department fund* accounts for construction and upkeep of county roads.

The government reports the following major proprietary fund:

The *sewer fund* and *solid waste fund* account for the activities of the government's sewer and solid waste collection operations.

**WAKULLA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005**

I. Summary of Significant Accounting Policies (Continued)

**C. Measurement focus, basis of accounting, and financial statement presentation
(Continued)**

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the government's enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Assets or Equity

1. *Receivables and payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

**WAKULLA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005**

I. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

1. *Receivables and payables* (Continued)

Property taxes are billed and collected by the County Tax Collector according to Florida Statute under the following calendar:

Lien Date:	January 1
Levy Date:	October 1
Due Date:	November 1
Delinquency Date:	April 1, of the following year

2. *Inventories and prepaid items*

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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

3. *Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. For financial reporting purposes, capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical costs or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

**WAKULLA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005**

I. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

3. Capital Assets (Continued)

Property, plant, and equipment of the County is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	39
Public domain infrastructure	30-50
System infrastructure	5-50
Furniture and equipment	5-10

4. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay and sick pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

5. Long-term Obligations

In the government-wide financial statements, and for proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

6. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**WAKULLA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005**

II. Reconciliation of Government-Wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between fund balance-total governmental funds and net assets-governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of the \$10,061,703 difference are as follows:

Notes payable and capital leases	\$ 7,616,761
Estimated landfill closure and postclosure cost	1,865,862
Compensated absences	579,080
Net adjustments to reduce fund balance-total governmental funds to arrive at nets assets-governmental activities	<u>\$ 10,061,703</u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances-total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities that cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$1,914,603 difference are as follows:

Capital outlay	\$ 3,323,738
Depreciation expense	(1,409,135)
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 1,914,603</u>

**WAKULLA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005**

III. Stewardship, Compliance, and Accountability

A. Budgetary information

The following procedures are utilized by the County in establishing and/or amending the budgetary information contained in the general purpose financial statements:

- Budgets are prepared, public hearings are held, and original budgets are adopted annually for all governmental fund types in accordance with procedures and time intervals prescribed by law.
- Budgets are generally prepared for the governmental fund types on a basis consistent with generally accepted accounting principles and are presented based upon the final amended amounts.
- Appropriations lapse at year end to the extent that they have not been expended. Budget appropriations may not be legally exceeded on a fund basis.

B. Deficit Fund Equity

The following funds had a deficit fund balance at September 30, 2005:

County Awards	\$ 1,308
Mosquito Control	6,318
Ambulance Grant	1,083
Energy Assistance Grant	8,718
Florida Boating Grant	70
Recycling Grant	14,743
Litter Grant	3,265
Weatherization	1,901
Total	<u>\$ 37,406</u>

These deficit fund balances were created by expenditures greater than revenues and financing sources. These deficit fund balances will be covered by fund balances of other existing funds.

C. Excess of Expenditures Over Appropriations

Expenditures exceeded appropriations in the funds listed below. These over expenditures were funded by available fund balances.

General Fund	\$ 118,223
Disaster Relief	372,326
Local Criminal Justice TF	1,722
Local Tourist Development	1,555
E-911 Surcharge	14,667
Total	<u>\$ 508,493</u>

**WAKULLA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005**

IV. Detailed Notes on All Funds

A. Deposits and investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the County to invest in direct obligations of the U.S. Treasury, Local Government Surplus Funds Trust Fund, SEC registered money market funds with the highest credit quality rating, and savings and CD accounts in state-certified public depositories.

Investments for the County are reported at fair value. The Local Government Surplus Fund operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

B. Receivables

Receivables as of year end, including the applicable allowances for uncollectible accounts, are as follows:

	General	One Cent Sales Tax	Disaster Relief	Road Department	Other Governmental	Proprietary	Total
Accounts	\$ 2,031,723	\$ -	\$ -	\$ 28,222	\$ 53,858	\$ 127,087	\$ 2,239,890
Intergovernmental	1,066,852	209,766	188,603	301,489	1,806,330	-	3,573,040
Gross receivables	3,098,575	209,766	188,603	329,711	1,860,188	127,087	5,804,930
Less: allowance	(1,517,283)	-	-	-	-	-	(1,517,283)
Net total receivables	<u>\$ 1,581,292</u>	<u>\$ 209,766</u>	<u>\$ 188,603</u>	<u>\$ 329,711</u>	<u>\$ 1,860,188</u>	<u>\$ 127,087</u>	<u>\$ 4,296,647</u>

C. Reserved Fund Balances

The balance of reserved fund balances is as follows:

Public Safety	\$2,128,991
Capital Improvements	3,172,996
Human Services	232,788
Prepaid items	249,516
Total reserved net assets	<u>\$5,784,291</u>

WAKULLA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005

IV. Detailed Notes on All Funds (Continued)

D. Capital Assets

Capital asset activity for the year ended September 30, 2005 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 3,325,119	\$ 185,596	\$ -	\$ 3,510,715
Capital assets, being depreciated				
Buildings and improvements	15,530,474	1,256,146	-	16,786,620
Furniture and equipment	6,709,126	759,231	135,918	7,332,439
Infrastructure	6,422,692	1,122,765	-	7,545,457
Total capital assets, being depreciated	28,662,292	3,138,142	135,918	31,664,516
Less accumulated depreciation				
Buildings and improvements	(7,279,871)	(329,141)	-	(7,609,012)
Furniture and equipment	(4,040,177)	(891,358)	(109,015)	(4,822,520)
Infrastructure	(170,801)	(188,636)	-	(359,437)
Total accumulated depreciation, net	(11,490,849)	(1,409,135)	(109,015)	(12,790,969)
Governmental activities Capital assets, net	<u>\$ 20,496,562</u>	<u>\$ 1,914,603</u>	<u>\$ 26,903</u>	<u>\$ 22,384,262</u>
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 144,869	\$ -	\$ -	\$ 144,869
Construction in process	-	-	-	-
Total capital assets, not being depreciated	144,869	-	-	144,869
Capital assets, being depreciated				
Sewer system and improvements	10,835,046	-	-	10,835,046
Water system	1,034,568	-	-	1,034,568
Equipment	22,003	20,519	-	42,522
Total capital assets, being depreciated	11,891,617	20,519	-	11,912,136
Less accumulated depreciations	(2,062,374)	(243,799)	-	(2,306,173)
Business-type activities Capital assets, net	<u>\$ 9,974,112</u>	<u>\$ (223,280)</u>	<u>\$ -</u>	<u>\$ 9,750,832</u>

**WAKULLA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005**

IV. Detailed Notes on All Funds (Continued)

D. Capital Assets (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 164,565
Public safety	601,343
Physical environment	18,474
Transportation	524,498
Economic environment	1,116
Human services	61,532
Culture and recreation	37,607
Total	<u>\$ 1,409,135</u>
Business-type activities:	
Sewer	<u>\$ 243,799</u>

E. Interfund receivables, payables and transfers

The composition of interfund balances as of September 30, 2005, is as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 985,813	\$ 362,135
One cent sales tax	100,038	173,882
Disaster relief	-	4,285
Other governmental funds	58,794	414,377
Sewer fund	-	189,966
	<u>\$ 1,144,645</u>	<u>\$ 1,144,645</u>

The interfund amounts were used to cover deficits in cash balances due to timing of collections.

Interfund transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 10,020,869	\$ 9,969,651
Nonmajor governmental funds	105,345	306,563
One cent sales tax fund	153,700	-
Road department fund	-	1,850
Proprietary funds	-	1,850
	<u>\$ 10,279,914</u>	<u>\$ 10,279,914</u>

The interfund transfers were used to assist with funding of expenses/expenditures.

**WAKULLA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005**

IV. Detailed Notes on All Funds (Continued)

F. Leases

Capital Leases

Governmental activities

The County has entered into various lease agreements as a lessee for financing various equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2005 were as follows:

Year Ending September 30,	Governmental Activities
2006	\$ 119,361
2007	119,361
2008	119,361
2009	119,361
2010	119,361
Thereafter	334,538
Total minimum lease payments	931,343
Less amounts representing interest	159,155
Present value of minimum lease payments	\$ 772,188

G. Long-term Debt

Notes Payable

Notes payable at September 30, 2005 is comprised of the following:

Governmental activities

Note payable, due in annual installments of \$13,829 through May 22, 2015, including interest at 6.5%, collateralized by special assessment revenue charged to property owners	\$ 37,434
Note payable to bank, payable in monthly installment of \$29,418 including interest at 3.61%, collateralized by a pledge of constitutional gas tax revenue and all non-ad valorem revenues	2,521,637
Note payable to bank, due in annual installments of \$34,694 through February 14, 2010, including interest of 6.5%, collateralized by special assessment revenue charged to property owners	326,142
Note payable to bank, payable in annual installments of \$15,960 through July 2017, including interest at 6.4%, uncollateralized	52,918

**WAKULLA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005**

IV. Detailed Notes on All Funds (Continued)

G. Long-term Debt (Continued)

Notes Payable (Continued)

Note payable, due in annual payments of \$23,000, commencing on December 11, 2001 through December 11, 2010, including interest at a fixed rate of 7.00%, collateralized by equipment	\$ 103,625
\$4,000,000 line-of-credit payable to bank at 3.82%, commencing on March 1, 2005, the principal amount shall be repaid in installments, due and payable on March 1, 2005 and on the first day of each month thereafter, each such installment to be in a amount equal to the outstanding principal balance immediately prior to the payment on March 1, 2005 divided by 142, and the entire unpaid principal balance, together with all accrued and unpaid interest thereon, shall be due on and payable in full on December 1, 2017, collateralized by pledge of sales tax revenues	3,802,817
	\$ 6,844,573

Business-type activities

Note payable to bank, payable in monthly installments of \$35,729, including interest at 4.08%, collateralized by pledge of sewer revenues	\$ 4,133,602
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Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2005 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Governmental activities:					
Notes payable	\$ 6,605,708	\$ 818,442	\$ 579,577	\$ 6,844,573	\$ 644,023
Capital leases	896,200	-	124,012	772,188	84,811
Compensated absences	543,720	374,016	338,656	579,080	338,000
Estimated landfill closure and postclosure cost	1,898,928	-	33,066	1,865,862	-
Governmental activity long-term liabilities	\$ 9,944,556	\$ 1,192,458	\$ 1,075,311	\$ 10,061,703	\$ 1,066,834
Business-type activities:					
Notes payable	\$ 4,377,093	\$ -	\$ 243,492	\$ 4,133,601	\$ 255,583

**WAKULLA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005**

IV. Detailed Notes on All Funds (Continued)

H. Commitments and Contingencies:

Pending Litigation

The County is involved in various litigation matters arising from the normal operations of a local government. It is the opinion of management that none of those matters will have a material impact on the general purpose financial statements of the County except as mentioned below.

The County is the defendant for special assessments for emergency medical services. This type of special assessment has been found to be an invalid tax by the Florida Supreme Court. The case involves assessments and requests a refund of the assessments. The potential damages to the County could be several million dollars if a class is certified and the County does not prevail on the equitable considerations defense it has raised. Outside counsel for the County has advised that at this stage in the proceedings an opinion as to outcome is difficult to estimate. No accrual has been made in the financial statements (see Note IV. N.).

Grant Programs

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal and State governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects amounts, if any, to be immaterial.

I. Pension Plans:

Statewide Local Government Retirement System (SLGRS)

Plan Description. The County contributed to the Florida Retirement System, a cost sharing multiple employer public employee retirement system administrated by the State of Florida. The Florida Retirement System provides retirement and disability benefits. The Division of Retirement issues a publicly available financial report that includes the pension benefit obligation, the net assets and unfounded pension benefit obligation. That report may be obtained by writing to the Division of Retirement, 2639-C North Monroe Street, Tallahassee, Florida 32399-1560 or calling (850) 488-5706.

Funding Policy. The County is required to contribute 7.83% for regular, 15.23% for elected county officials, 18.53% for special risk, 9.33% for employees in the Deferred Retirement Option Program (DROP) and 10.45% for senior management of the covered employee's annual salary. The contribution requirements of the County may be changed by the Florida Retirement System.

J. Guarantee of Debt for Others:

The County has agreed to guarantee a \$350,000 loan for a local non-profit. The balance of the loan at September 30, 2005 was approximately \$322,000.

**WAKULLA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2005**

IV. Detailed Notes on All Funds (Continued)

K. Fund Transfer:

The County reclassified a Special Revenue fund to the Proprietary fund. This fund reclassification amounted to \$237,109.

L. Risk Management:

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and the public, and damage to property of others. The County and all constitutional offices obtained commercial insurance against losses for the following types of risk:

- Real and Personal Property Damage
- Public Employees' Bond
- Workers' Compensation
- Automobile Liability

Workers' compensation coverage is provided under a retrospectively rated policy. Premiums are accrued based on the ultimate cost to-date of the Board's experience for this type of risk.

The Board and all Constitutional Officers participates in the Florida Association of Counties Trust (FACT), a public entity risk pool for risks related to comprehensive general liability. The agreement provides that the financial liability of each participating county is limited to premiums and surplus contributions paid or obligations made to FACT. Aggregate coverage provided is limited to \$1,000,000 for each claim.

M. Landfill Closure and Postclosure Costs:

The Board has obtained engineering estimates of closure construction costs and future costs to monitor sanitary landfill sites as required by U.S. Environmental Protection Agency regulations and the related provisions of Governmental Accounting Standards Board Statement No. 18. A long-term liability for accrued landfill closure and postclosure costs at September 30, 2005, has been recorded in the statement of net assets representing the Board's estimated liabilities for such costs (in 2005 dollars). At September 30, 2005, \$389,231 was held in separate cash account to fund future closure and postclosure costs.

N. Subsequent Event:

On August 7, 2006 the County agreed to settle the Municipal Service Benefit Unit (MSBU) lawsuit for \$685,000 including legal fees. This settlement is contingent upon the approval of the County's Circuit Court Judge.

WAKULLA COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2005

WAKULLA COUNTY, FLORIDA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes, licenses and permits	\$ 7,504,539	\$ 7,561,935	\$ 7,532,516	\$ (29,419)
Intergovernmental	2,889,896	3,068,469	3,449,907	381,438
Fines and forfeitures	8,000	8,000	5,244	(2,756)
Charges for services	5,103,498	5,142,998	5,562,775	419,777
Other	600,266	650,361	246,370	(403,991)
Total revenues	<u>16,106,199</u>	<u>16,431,763</u>	<u>16,796,812</u>	<u>365,049</u>
Expenditures				
General government	4,616,280	4,543,219	4,282,017	261,202
Public safety	9,101,884	9,074,238	9,048,487	25,751
Physical environment	131,754	134,154	131,633	2,521
Court Related	505,000	584,370	543,122	41,248
Economic environment	38,559	38,659	29,063	9,596
Human services	511,000	642,579	646,823	(4,244)
Culture and recreation	590,810	609,368	616,635	(7,267)
Transportation	-	-	-	-
Capital outlay	659,585	911,674	1,024,979	(113,305)
Debt service	17,248	17,248	25,367	(8,119)
Total expenditures	<u>16,172,120</u>	<u>16,555,509</u>	<u>16,348,126</u>	<u>207,383</u>
Excess (deficiency) of revenues over expenditures	<u>(65,921)</u>	<u>(123,746)</u>	<u>448,686</u>	<u>324,940</u>
Other financing sources (uses)				
Transfers in	9,464,866	9,466,536	9,910,302	443,766
Transfers out	(9,129,152)	(9,129,152)	(9,839,562)	(710,410)
Transfer out to state programs	(300,769)	(244,614)	(241,128)	3,486
Loan Proceeds	30,976	30,976	316,112	285,136
Total other financing sources (uses)	<u>65,921</u>	<u>123,746</u>	<u>145,724</u>	<u>21,978</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>-</u>	<u>-</u>	<u>594,410</u>	<u>594,410</u>
Fund balances, beginning of year	2,205,366	2,205,366	2,205,366	-
Fund balances, end of year	<u>\$ 2,205,366</u>	<u>\$ 2,205,366</u>	<u>\$ 2,799,776</u>	<u>\$ 594,410</u>

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

WAKULLA COUNTY, FLORIDA
ONE CENT SALES TAX FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes, licenses and permits	\$ 1,169,717	\$ 1,169,717	\$ 1,579,654	\$ 409,937
Intergovernmental	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Other	1,105,000	1,105,000	20,037	(1,084,963)
Total revenues	<u>2,274,717</u>	<u>2,274,717</u>	<u>1,599,691</u>	<u>(675,026)</u>
Expenditures				
General government	-	-	128	(128)
Public safety	-	-	-	-
Physical environment	-	-	-	-
Court Related	-	-	-	-
Economic environment	-	-	-	-
Human services	-	-	-	-
Culture and recreation	-	-	-	-
Transportation	-	-	-	-
Capital outlay	2,724,717	2,724,717	2,428,878	295,839
Debt service	550,000	550,000	344,013	205,987
Total expenditures	<u>3,274,717</u>	<u>3,274,717</u>	<u>2,773,019</u>	<u>501,698</u>
Excess (deficiency) of revenues over expenditures	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>(1,173,328)</u>	<u>(173,328)</u>
Other financing sources (uses)				
Transfers in	-	-	153,700	153,700
Transfers out	-	-	-	-
Transfer out to state programs	-	-	-	-
Loan proceeds	1,000,000	1,000,000	492,300	(507,700)
Total other financing sources (uses)	<u>1,000,000</u>	<u>1,000,000</u>	<u>646,000</u>	<u>(354,000)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>-</u>	<u>-</u>	<u>(527,328)</u>	<u>(527,328)</u>
Fund balances, beginning of year	2,374,300	2,374,300	2,374,300	-
Fund balances, end of year	<u>\$ 2,374,300</u>	<u>\$ 2,374,300</u>	<u>\$ 1,846,972</u>	<u>\$ (527,328)</u>

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

WAKULLA COUNTY, FLORIDA
DISASTER RELIEF
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes, licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	626,587	626,587
Fines and forfeitures	-	-	-	-
Charges for services	-	-	989	989
Other	50,538	50,538	1,234	(49,304)
Total revenues	<u>50,538</u>	<u>50,538</u>	<u>628,810</u>	<u>578,272</u>
Expenditures				
General government	-	-	-	-
Public safety	-	-	-	-
Physical environment	50,538	50,538	422,864	(372,326)
Court Related	-	-	-	-
Economic environment	-	-	-	-
Human services	-	-	-	-
Culture and recreation	-	-	-	-
Transportation	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	<u>50,538</u>	<u>50,538</u>	<u>422,864</u>	<u>(372,326)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>205,946</u>	<u>205,946</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Transfer out to state programs	-	-	-	-
Loan proceeds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>-</u>	<u>-</u>	<u>205,946</u>	<u>205,946</u>
Fund balances, beginning of year	513	513	513	-
Fund balances, end of year	<u>\$ 513</u>	<u>\$ 513</u>	<u>\$ 206,459</u>	<u>\$ 205,946</u>

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

**WAKULLA COUNTY, FLORIDA
ROAD DEPARTMENT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes, licenses and permits	\$ 1,890,720	\$ 1,890,720	\$ 1,870,642	\$ (20,078)
Intergovernmental	220,000	220,000	124,416	(95,584)
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Other	589,500	589,500	41,467	(548,033)
Total revenues	<u>2,700,220</u>	<u>2,700,220</u>	<u>2,036,525</u>	<u>(663,695)</u>
Expenditures				
General government	-	-	-	-
Public safety	-	-	-	-
Physical environment	-	-	-	-
Court Related	-	-	-	-
Economic environment	-	-	-	-
Human services	-	-	-	-
Culture and recreation	-	-	-	-
Transportation	2,021,720	2,346,720	1,765,290	581,430
Capital outlay	259,000	259,000	53,074	205,926
Debt service	419,500	419,500	465,555	(46,055)
Total expenditures	<u>2,700,220</u>	<u>3,025,220</u>	<u>2,283,919</u>	<u>741,301</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(325,000)</u>	<u>(247,394)</u>	<u>77,606</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	(1,850)	(1,850)
Transfer out to state programs	-	-	-	-
Loan proceeds	-	325,000	325,000	-
Total other financing sources (uses)	<u>-</u>	<u>325,000</u>	<u>323,150</u>	<u>(1,850)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>-</u>	<u>-</u>	<u>75,756</u>	<u>75,756</u>
Fund balances, beginning of year	840,933	840,933	840,933	-
Fund balances, end of year	<u>\$ 840,933</u>	<u>\$ 840,933</u>	<u>\$ 916,689</u>	<u>\$ 75,756</u>

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

WAKULLA COUNTY, FLORIDA
ADDITIONAL INFORMATION
SEPTEMBER 30, 2005

**WAKULLA COUNTY, FLORIDA
OFFICIALS
SEPTEMBER 30, 2005**

COUNTY COMMISSIONERS

Maxie Lawhon, Chairman

Brian Langston

Henry Vause

Ed Brimmer

Howard W. Kessler, M.D.

COUNTY ADMINISTRATOR

Parrish Barwick

WAKULLA COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2005

Federal Grantor / State Grantor / Pass-Through / Program Title	Federal		State		Contract Number	Program Amount	Expenditures
	CFDA	Number	CSFA	Number			
	Number	Number	Number	Number			
US Department of Commerce Coastal Zone Management Administration Awards	11.419	--	NA17OZ2144	--	NA17OZ2144	\$ 81,411	\$ 6,360
Passed Through State of Florida Department of Environmental Protection Coastal Zone Management Administration Awards	11.419	--	CZ412	--	CZ412	25,000	25,000
Coastal Zone Management Administration Awards	11.419	--	CZ606	--	CZ606	25,000	-
Coastal Zone Management Administration Awards	11.419	--	CZ513	--	CZ513	50,000	-
Coastal Zone Management Administration Awards	11.419	--	CZ503	--	CZ503	25,000	18,625
						<u>206,411</u>	<u>49,985</u>
US Department of Defense, Office of Economic Adjustments Crawfordville Economic Development Grant	12.611	--	AP0545-05-01	--	AP0545-05-01	135,000	-
US Department of Housing and Urban Development Section 8 Housing Choice Vouchers	14.871	--	FL096	--	FL096	868,330	861,343
US Department of Justice Passed Through State of Florida Office of the Attorney General Crime Victim Assistance	16.575	--	V4031	--	V4031	100,497	83,138
Passed through State of Florida Department of Law Enforcement Byrne Formula Grant Program	16.579	--	05-CJ-K3-02-75-01-202	--	05-CJ-K3-02-75-01-202	60,865	60,865
Local Law Enforcement Block Grants Program	16.592	--	2003-LB-BX-0698	--	2003-LB-BX-0698	23,532	23,532
Local Law Enforcement Block Grants Program	16.592	--	2004-LB-BX-1053	--	2004-LB-BX-1053	10,951	-
						<u>34,483</u>	<u>23,532</u>
Bullet Proof Vest 2003	16.607	--	--	--	--	10,370	10,370
Bullet Proof Vest 2004	16.607	--	--	--	--	3,150	1,585
Bullet Proof Vest 2005	16.607	--	--	--	--	8,959	-
						<u>22,479</u>	<u>11,955</u>
Passed through State of Florida Office of Governor, Office of Drug Control Enforcing Underage Drinking Laws Block Grant	16.727	--	2004-50268-FL-AH	--	2004-50268-FL-AH	34,053	21,480
US Department of Transportation Passed Through Florida Department of Transportation Ochlocknee Bay Trail - Phase II Grant	20.205	--	ANR31	--	ANR31	601,700	-
Wakulla County Speed Enforcement Unit	20.605	--	ANS34	--	ANS34	112,380	109,194

WAKULLA COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2005

Federal Awards (Continued)	Federal Grantor / State Grantor /		Contract Number	Program	
	Pass-Through / Program Title			Amount	Expenditures
	Federal CFDA Number	State CSEA Number			
General Services Administration					
Passed Through State of Florida, Department of State Division of Elections					
Voting Systems Assistance Grant	39.011	--	--	\$ 54,185	\$ 54,185
Voter Education Grant	39.011	--	--	4,388	1,156
				58,573	55,341
US Department of Energy					
Passed Through State of Florida Department of Community Affairs					
Weatherization Assistance Program Grant 04-05	81.042	--	04WX-4Y-02-75-01-536	23,343	9,078
Weatherization Grant	81.042	--	04WX-4Y-02-75-01-536	8,054	8,054
Weatherization Assistance Program Grant 05-06	81.042	--	05WX-5S-02-75-01-036	22,987	14,335
				54,384	31,467
Federal Emergency Management Agency					
Passed Through State of Florida Department of Community Affairs					
Emergency Management Performance Grants	83.552	--	05BG-04-02-75-01-238	23,286	23,286
US Department of Education					
Passed Through State of Florida Department of Education					
Adult Education- State Grant Program	84.002	--	654-1914A5PC01	129,500	99,587
US Department of Education					
Passed Through State of Florida Department of Revenue					
Child Support Enforcement Program Grant	93.563	--	--	26,366	26,366
Service of Process Standard Rate Agmt Grant	93.563	--	--	2,059	3,120
				28,425	29,486
US Department of Health and Human Services					
Passed Through State of Florida Department of Community Affairs					
Low- Income Home Emergency Assistance	93.568	--	03-EA-3R-02-75-01-031	73,803	48,089
Low- Income Home Emergency Assistance	93.568	--	04-EA-4P-02-75-01-032	68,884	45,371
Low- Income Home Emergency Assistance	93.568	--	05EA-4P-02-075-01-036	76,338	-
Weather Assist/Low Income Home Energy	93.568	--	05LH-4P-02-075-01-036	44,971	45,244
				263,996	138,704
Passed Through Florida Department of State, Division of Elections					
Federal HHA Vote Program Grant	93.617	--	--	2,469	2,506
Passed Through State of Florida Office of Criminal Justice					
Homeland Security - Drive Team	97.004	--	05-CJ-L2-02-75-23-046	31,134	31,134

WAKULLA COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2005

Federal Awards (Continued)	Federal Grantor / State Grantor /		Contract Number	Program		Expenditures
	Pass-Through / Program Title			Amount		
	Federal CFDA Number	State CSFA Number				
Federal Emergency Management Agency						
FEMA Hurricane Ivan Declaration #1551 Grant	97.036	--	05-PA-G-02-75-01-775	\$ 98,420	\$ 98,420	
FEMA Hurricane Dennis Declaration #1595 Grant	97.036	--	06-DN-G-02-75-01-586	589,641	324,444	
Passed Through State of Florida Department of Community Affairs						
Disaster Relief Funding Agreement	97.036	--	05-PA-G-02-75-00-775	99,426	99,426	
				787,487	522,290	
US Department of Justice						
Passed Through Florida Department of Community Affairs						
Stated Homeland Security Grant	97.067	--	06-DS-3W-02-75-01	31,957	-	
US Department of Interior - Fish & Wildlife Service						
Ochlocknee Bay Trail - Phase IV Grant	15.FFC	--	401814G209	143,250	40,723	
TOTAL FEDERAL AWARDS				\$ 3,730,659	\$ 2,196,016	
State Financial Assistance						
State of Florida Commission on Tourism						
Big Bend Scenic Byway Grant	--	31.006	--	3,500	3,500	
State of Florida Department of Environmental Protection						
Small County Solid Waste Grants	--	37.012	SC532	191,176	182,099	
Florida Recreation Development Assistance Program	--	37.017	F5082	200,000	1,790	
Florida Recreation Development Assistance Program	--	37.017	F5298	200,000	45,683	
				400,000	47,473	
Statewide Greenways Development	--	37.053	S0075	50,000	15,118	
State of Florida Department of Agriculture and Consumer Services						
Mosquito Control	--	42.003	FDACS#8630	37,025	12,891	
State of Florida Department of State						
State Aid to Libraries	--	45.030	05-ST-94	81,180	81,180	
Public Library Construction Renovation Grant	--	45.030	04-PLC-07	120,000	120,000	
				201,180	201,180	

WAKULLA COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2005

Federal Grantor / State Grantor / Pass-Through / Program Title	Federal		Contract Number	Program	
	CFDA Number	State CSFA Number		Amount	Expenditures
State of Florida Department of Community Affairs					
Emergency Management - Preparedness and Assistance	--	52.008	05BG-04-02-75-01-238	\$ 102,959	\$ 102,959
Emergency Management - Hazardous Materials	--	52.023	05CP-11-02-75-01-011	2,706	2,706
County Visioning Grant	--	52.028	04-DR-44-02-75-01-017	7,500	5,123
Downtown Visioning Grant	--	52.028	05-DR-51-02-75-01-011	10,000	10,000
				17,500	15,123
State of Florida Housing Finance Corporation					
State Housing Incentives Partnership Program	--	52.901	--	350,000	321,450
Florida Department of Transportation					
Small County Road Assistance Program	--	55.016	ANQ85	1,279,189	247,504
Small County Road Assistance Program	--	55.016	A0417	743,942	-
				2,023,131	247,504
State of Florida Department of Health					
Emergency Medical Services Radio Grant	--	64.003	R2008	47,061	13,070
Emergency Medical Services Repeaters & Radios Grant	--	64.003	M5048	52,446	-
Emergency Medical Services New Ambulance Grant	--	64.003	M9129	79,560	18,025
				179,067	31,095
Emergency Medical Services County Grant	--	64.005	C4065	8,268	8,268
State of Florida Department of Corrections					
County Jail Beds	--	70.006	C2131	613,200	545,440
State of Florida State Wireless 911 Board					
Wireless 911 Rural County Grant	--	72.001	--	109,663	109,663
State of Florida Department of Fish and Wildlife Conservation Commission					
Mashes Sands Ramp & Groin Improvement Grant	--	77.006	FWC 03064	150,000	-
Wakulla/St. Marks Rivers Speed Zone Signage	--	77.006	FWC 04130	25,000	70
Lower Bridge Road Boat Ramp Grant	--	77.006	FWC 04132	50,000	-
				225,000	70

WAKULLA COUNTY, FLORIDA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

Federal Grantor / State Grantor / Pass-Through / Program Title	Federal		State		Contract Number	Program Amount	Expenditures
	CFDA Number	CSFA Number	CFDA Number	CSFA Number			
State of Florida Department of Juvenile Justice Community Partnership Grants	--	80.004		80.004	DP-330	\$ 46,656	\$ 36,545
Community Partnership Grants	--	80.004		80.004	DP-330	35,000	5,620
						81,656	42,165
TOTAL STATE FINANCIAL ASSISTANCE						4,596,031	1,888,704
TOTAL FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE						\$ 8,326,690	\$ 4,084,720

I. Basis of Presentation

The accompanying schedule of Federal Awards and State Financial Assistance includes the Federal and State grant activity of Wakulla County, Florida, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audit of States, Local Governments and Non-Profit Organizations* and Chapter 10.650, Rules of the State of Florida, Office of the Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

JAMES MOORE & CO., P.L.
CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited the financial statements of Wakulla County, Florida as of and for the year ended September 30, 2005, and have issued our report thereon dated May 30, 2006. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Wakulla County, Florida's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect Wakulla County, Florida's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as finding 05-01.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above as finding 05-01 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wakulla County, Florida's financial statements are free of 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*.

This report is intended solely for the information and use of Wakulla County, Florida's management, the Board of County Commissioners, State awarding agencies, and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

James Moore & Co.

Tallahassee, Florida

May 30, 2006

(except for Note IV. N. as to which the date is August 7, 2006)

JAMES MOORE & CO., P.L.
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND INTERNAL CONTROL OVER COMPLIANCE
APPLICABLE TO EACH MAJOR FEDERAL AND STATE PROJECT**

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

Compliance

We have audited the compliance of Wakulla County, Florida with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement, and the requirements described in the State of Florida, Executive Office of the Governor's State Projects Compliance Supplement, that are applicable to each of its major federal programs and state projects for the year ended September 30, 2005. The Wakulla County, Florida's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state projects is the responsibility of Wakulla County, Florida's management. Our responsibility is to express an opinion on Wakulla County Florida's compliance based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Accounting Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the State of Florida, Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about Wakulla County, Florida's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Wakulla County, Florida's compliance with those requirements.

In our opinion, Wakulla County, Florida complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and state projects for the year ended September 30, 2005.

Internal Control Over Compliance

The management of Wakulla County, Florida is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs and state projects. In planning and performing our audit, we considered Wakulla County, Florida's internal control over compliance with requirements that could have a direct and material effect on a major federal program or state project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with Chapter 10.550, Rules of the State of Florida Office of the Auditor General.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non-compliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program or state project being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of Wakulla County, Florida's management, the County Commission, State awarding agencies, and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "James Moore & Co." The signature is written in a cursive style with a large, stylized 'J' and 'M'.

Tallahassee, Florida

May 30, 2006

(except for Note IV. N. as to which the date is August 7, 2006)

**WAKULLA COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS AND STATE PROJECTS
SEPTEMBER 30, 2005**

I. Summary of Auditors' Results:

- A. Type of audit report issued on the general purpose financial statements: Unqualified.
- B. There was one reportable condition in internal control disclosed by the audit of the financial statements.
- C. There were no instances of noncompliance material to the financial statements of Wakulla County, Florida disclosed during the audit.
- D. There were no reportable conditions in internal control over major programs disclosed by the audit.
- E. Type of report issued on compliance for major Federal programs and State projects: Unqualified.
- F. The audit did not disclose any audit findings relative to the major federal award programs and state projects which are required to be reported under OMB Circular A-133 and Chapter 10.550, Rules of the State of Florida, Office of the Auditor General.
- G. Major program/project identification:

Federal Program	Federal CFDA Number
Section 8 Housing Choice Vouchers	14.871
Disaster Relief Funding Agreement	97.036
State Project	State CSFA Number
State Aid to Libraries	45.030
Small County Road Assistance	55.016
County Jail Beds	70.006

- H. Dollar threshold used to distinguish between Type A and Type B programs/projects: \$300,000 for major Federal programs and \$300,000 for State projects.
- I. Wakulla County, Florida does not qualify as a low-risk auditee as defined in OMB Circular A-133.

WAKULLA COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS AND STATE PROJECTS
SEPTEMBER 30, 2005
(Continued)

II. Findings relating to the general purpose financial statements which are required to be reported in accordance with *Government Auditing Standards*:

Finding 05-01: Landfill Collections

We noted that there are no controls in place for the collections of monies from residents of Wakulla County at the landfill. In addition, there are no controls in place to ensure all money collected at the County landfill is being remitted back to the Board and ultimately being deposited into a bank. We recommend proper controls be implemented.

III. Findings and questioned costs – major Federal award programs audit: None.

IV. Findings and questioned costs – major State projects audit: None.

**WAKULLA COUNTY, FLORIDA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FEDERAL PROGRAMS AND STATE PROJECTS
FISCAL YEAR ENDED SEPTEMBER 30, 2005**

MAJOR FEDERAL PROGRAMS

No prior year audit findings.

MAJOR STATE PROJECTS

No prior year audit findings.

FINANCIAL STATEMENTS

<u>Finding number</u>	<u>Description</u>	<u>Status</u>
04-01	Financial Record Keeping	Resolved
04-02	Landfill Collections	Unresolved

JAMES MOORE & CO., P.L.
CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited the financial statements of Wakulla County, Florida, as of and for the fiscal year ended September 30, 2005, and have issued our report thereon dated May 30, 2006.

We conducted our audit in accordance with United States generally accepted standards, and *Government Auditing Standards* issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditor's Report on Compliance and Internal Control over financial reporting, Independent Auditor's Report on Compliance and Internal Control over Compliance Applicable to each Major Federal Program and State Project, and Schedule of Findings and Questioned Costs. Disclosures in that report, which are dated May 30, 2006, should be considered on conjunction with this management letter.

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 on the State of Florida and require that certain items be addressed in this letter.

The Rules of the Auditor General (Section 10.554(1)(h)1.) require that we address in the management letter, if not already addressed in the auditor's report on compliance and internal controls or schedule of findings and questioned costs, whether or not recommendations made in the preceding annual financial audit report have been followed. The recommendations made in the preceding annual financial audit report have been corrected except as noted below under the heading Prior Year Findings and Recommendations.

As required by the Rules of the Auditor General (Section 10.544(1)(h)2.), the scope of our audit included a review of the provisions of Section 218.415., Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Wakulla County, Florida complied with Section 218.415, Florida Statutes.

The Rules of the Auditor General (Section 10.554(1)(h)3.) require that we address in the management letter any findings and recommendations to improve financial management, accounting procedures, and internal controls. Our audit disclosed the following matter required to be disclosed by the Rules of the Auditor General (Section 10.554(1)(h)3.):

Prior Year Findings and Recommendations

Budgetary Controls

Florida Statutes, Section 166.241(3) provides that the budget must regulate expenditures of the county, and it is unlawful for any officer of county government to expend or contract for expenditures in any fiscal year except in pursuant of budget expenditures. The Board adopts its budget for the General and Special Revenue funds on the modified accrual basis of accounting. Based upon that budget approach, the Board's expenditures exceeded appropriations in the various funds by \$508,493.

The Rules of the Auditor General (Section 10.554(1)(h)4.) require disclosure in the management letter of the following matters if not already addressed in the auditor's reports on compliance and internal controls

or schedule of findings and questioned costs and are not clearly in consequential: (1) violations of laws, rules regulations, and contractual provisions that have occurred, or are likely to have occurred; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (4) failures to properly record financial transactional and (5) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of the auditor. Our audit disclosed no matters required to be disclosed by Rules of Auditor General (Section 10.554(1)(h)4.).

The Rules of the Auditor General (Section 10.554(1)(h)5.) also require that the name or official title and legal authority for the preliminary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements.

As required by the Rules of the Auditor General (Section 10.554(1)(h)6.a.) a statement must be included as to whether or not local government entity has met one or more of the conditions described in Section 218.503(1) Florida Statutes. In connection with our audit, we determined that the Wakulla County, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

As required by the Rules of the Auditor General (Section 10.554(1)(h)6.b.), we determined that the annual financial report for the Wakulla County, Florida for the fiscal year ended September 30, 2005, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2005.

As required by the Auditor General (Sections 10.554(h)6.c. and 10.556(7), we applied financial assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by the same.

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

A handwritten signature in black ink that reads "James Moore & Co." with a stylized flourish at the end.

Tallahassee, Florida
May 30, 2006
(except for Note IV. N. as to which the date is August 7, 2006)