

WAKULLA COUNTY, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2006

**WAKULLA COUNTY, FLORIDA
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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, 2006, 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, 2006 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 June 12, 2007, 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., P.L.

Tallahassee, Florida
June 12, 2007

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, 2006 and 2005.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$49,015,999 (*net assets*, page 7 and 11). Of this amount, \$1,924,181 (*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 \$22,207,020 (page 6). Approximately ninety percent (90%) 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 \$9,574,060 (page 13). In comparison with the prior year, this is an increase of \$1,618,373. Approximately one third (1/3) of this total amount, or \$2,991,094, 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 \$2,991,094 (page 13) or 17 percent of total general fund expenditures.
- The County's total debt decreased by \$686,668 (page 31) during the current fiscal year. This amount is the result of the decreases in governmental activities debt of \$682,385 and in business activities debt of \$4,283.

Overview of the Financial Statements

This discussion and analysis is 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, 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 the 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 two (42) 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, State Housing Initiatives Partnership Program (SHIP), and road department fund, which are considered to be major funds. Data from the other thirty eight (38) 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, 2006.

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 \$49,015,999 and \$26,808,979 at September 30, 2006 and 2005, respectively (page 6 – 7).

By far the largest portion of the County's net assets, 83% for 2006 and 76% for 2005, reflects its investment in capital assets (e.g., land, buildings, machinery, infrastructure, 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

	Governmental Activities		Business – Type Activities		Total	
	2006	2005	2006	2005	2006	2005
ASSETS						
Current and other assets	\$ 12,151,201	\$ 10,397,976	\$ 1,973,094	\$ 1,183,962	\$ 14,124,295	\$ 11,581,938
Capital assets	<u>41,258,645</u>	<u>22,384,262</u>	<u>10,695,686</u>	<u>9,750,832</u>	<u>51,954,331</u>	<u>32,135,094</u>
Total Assets	<u>\$ 53,409,846</u>	<u>\$ 32,782,238</u>	<u>\$ 12,668,780</u>	<u>\$ 10,934,794</u>	<u>\$ 66,078,626</u>	<u>\$ 43,717,032</u>
LIABILITIES						
Long – term liabilities	\$ 9,675,651	\$ 10,061,703	\$ 4,129,318	\$ 4,133,602	\$ 13,804,969	\$ 14,195,305
Other liabilities	<u>2,577,141</u>	<u>2,442,289</u>	<u>680,517</u>	<u>270,459</u>	<u>3,257,658</u>	<u>2,712,748</u>
Total Liabilities	<u>\$ 12,252,792</u>	<u>\$ 12,503,992</u>	<u>\$ 4,809,835</u>	<u>\$ 4,404,061</u>	<u>\$ 17,062,627</u>	<u>\$ 16,908,053</u>
NET ASSETS						
Invested in capital assets	\$ 34,095,836	\$ 14,767,501	\$ 6,566,368	\$ 5,617,231	\$ 40,662,204	\$ 20,384,732
Restricted	6,039,218	5,587,324	390,396	-	6,429,614	5,587,324
Unrestricted	<u>1,022,000</u>	<u>(76,579)</u>	<u>902,181</u>	<u>913,502</u>	<u>1,924,181</u>	<u>836,923</u>
Total Net Assets	<u>\$ 41,157,054</u>	<u>\$ 20,278,246</u>	<u>\$ 7,858,945</u>	<u>\$ 6,530,733</u>	<u>\$ 49,015,999</u>	<u>\$ 26,808,979</u>

An additional portion of the County's net assets (14% for 2006 and 21% for 2005) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (3% for 2006 and 3% for 2005) may be used to meet the County's ongoing obligations to citizens and creditors.

The County is able to report positive balances in all three (3) categories of net assets for the government as a whole for the current and prior fiscal years.

In the County's governmental activities, the unrestricted net assets increased from the prior fiscal year by \$1,098,579. This increase was due to expenditures being under-budget and more revenues being generated. These revenues and expenditures will be further discussed later in this report.

In the business-type activities, there was a slight decrease in the unrestricted net assets over the prior fiscal year in the amount of \$11,321.

Wakulla County's Changes in Net Assets

	Governmental Activities		Business – Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program revenues:						
Charges for services	\$7,528,413	\$6,230,569	\$1,875,897	\$2,159,394	\$9,404,310	\$8,389,963
Operating grants and contributions	4,861,846	4,117,658	-	-	4,861,846	4,117,658
Capital grants and contributions	1,983,464	916,360	1,075,587	-	3,059,051	916,360
General revenues:						
Property and other taxes	13,301,437	11,449,373	-	-	13,301,437	11,449,373
Licenses and permits	244,035	215,958	-	-	244,035	215,958
Intergovernmental and other	3,172,174	3,481,975	158,923	28,098	3,331,097	3,510,073
Total revenues	<u>\$31,091,369</u>	<u>\$26,411,893</u>	<u>\$3,110,407</u>	<u>\$2,187,492</u>	<u>\$34,201,776</u>	<u>\$28,599,385</u>
Expenses:						
General government	\$4,725,095	\$5,223,029	\$ -	\$ -	\$4,725,095	\$5,223,029
Public safety	12,853,647	11,055,880	-	-	12,853,647	11,055,880
Physical environment	881,496	724,078	-	-	881,496	724,078
Court Related	1,398,956	543,122	-	-	1,398,956	543,122
Transportation	2,909,054	3,618,058	-	-	2,909,054	3,618,058
Economic environment	854,695	1,039,973	-	-	854,695	1,039,973
Human services	981,938	865,612	-	-	981,938	865,612
Culture and recreation	944,281	722,997	-	-	944,281	722,997
Interest on long term debt	305,083	273,708	-	-	305,083	273,708
Sewer and Solid Waste	-	-	1,782,195	1,702,349	1,782,195	1,702,349
Total expenses	<u>\$25,854,245</u>	<u>\$24,066,457</u>	<u>\$1,782,195</u>	<u>\$1,702,349</u>	<u>\$27,636,440</u>	<u>\$25,768,806</u>
Increase in net assets before Transfers	\$5,237,124	\$ 2,345,436	\$1,328,212	\$ 485,143	\$6,565,336	\$2,830,579
Transfers	(219,670)	1,850	-	(1,850)	(219,670)	-
Increase in net assets	5,017,454	2,347,286	1,328,212	483,293	6,345,666	2,830,579
Net assets, beginning of year	20,278,246	18,168,069	6,530,733	5,810,331	26,808,979	23,978,400
Adjustment (CY see note IV. M; PY see 2005 note IV. K)	15,861,354	(237,109)	-	237,109	15,861,354	-
Net assets, end of year	<u>\$41,157,054</u>	<u>\$20,278,246</u>	<u>\$7,858,945</u>	<u>\$6,530,733</u>	<u>\$49,015,999</u>	<u>\$26,808,979</u>

Governmental activities. Governmental activities increased the County's net assets by \$5,017,454 in the current year (page 7, 12), thereby accounting for 79% 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 slightly. The majority of these increased expenses were related to public safety and a reclassification of judicial service expenses.
- An increasing population and requests for additional services resulted in an increase in charges for services revenues (31%).
- An increase in program grants and contributions resulted in additional revenue (40%) over last year.
- Taxes (property, gas and one cent sales) and intergovernmental revenues continue to increase and represent the balance of new revenues (29%).

Business-type activities. Business-type activities increased the County's net assets by \$1,328,212 in the current year (page 7, 12, 17), thereby accounting for the remaining 21% of the total addition in the net assets of the County. Key elements of this increase are as follows:

- Revenues increased over prior year by \$922,915. This increase is due substantially to donated capital in the amount of \$1,075,587 with an offsetting decrease in charges for services and other revenues of \$152,672.
- Expenditures were held at a minimum with only a 5% increase over the prior year.

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 \$9,574,060 (page 13), an increase of \$1,618,373 in comparison with the prior years combined fund balance of \$7,955,687. Some of this total amount (\$2,991,094 or 32%) 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 \$2,991,094 and \$4,464,601. In the prior year, they were \$2,171,396 and \$2,799,776, 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 24% of total general fund expenditures (page 13, 14) while total fund balance represents 32% of all governmental funds expenditures.

The fund balance of the County's general fund increased by \$1,664,825 (page 14) during the current fiscal year and increased by \$594,410 in the prior fiscal year. Key factors in these changes are as follows:

- Increases in property taxes and charges for services outpaced expenditures by \$1,572,837.

- Property value increases and other economic factors continue to generate growth in revenues.
- Although operating expenditures rose over the prior year, capital purchases were lower than the prior year by approximately \$500,000.

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 \$902,181 (page 16) and \$913,502 in the prior year. The total increase in net assets (net income) for the fund was \$1,328,212 (page 17) in the current year and \$483,293 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 \$197,641 (page 35) increase in appropriations between the original (\$18,855,080) and final amended budget (\$19,052,721). While this change is not significant, the key differences between the original budget and the final amended budget for the current year are as follows:

- The Sheriff's Office increased its budget by \$171,669 for additional capital purchases funded by the Board through restricted revenues.
- The Supervisor of Election Office increased its budget by \$25,120. Of this, \$8,968 represents grants related to voter education and voting equipment.

Capital assets. The County's capital assets for its governmental and business type activities amounts to \$51,954,331 (page 11, 28) and \$32,135,094 (net of accumulated depreciation) for 2006 and 2005 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 \$19,819,237 or 62%. The majority of this increase is due to a prior period adjustment (page 12, 33) related to new accounting procedures for infrastructure assets. Major capital asset events during the current and prior fiscal years included the following:

- 2006 – Governmental Activities: Road paving costs in the amount \$2,563,631, net of depreciation, constituted the majority of capital asset activity (page 28).
- 2006 – Business-type Activities: Donated capital from developer projects resulted in an increase, net of depreciation (page 28).
- 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.
- 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 2006 and 2005 fiscal years, the County had notes and capital leases payable of \$11,292,127 and \$12,046,695. Of the \$11,292,127, \$11,028,013 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 \$264,114 is special assessment debt for which the County is liable in the event of default by the property owners subject to the assessment. Additional information on the County's long-term debt can be found on pages 30 – 31 of this report.

Wakulla County's Outstanding Debt

	Governmental Activities		Business – Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Notes Payable	\$ 6,090,937	\$ 6,864,381	\$ 4,129,318	\$ 4,133,601	\$ 10,220,255	\$ 10,997,982
Capital Leases	1,071,872	1,048,713	-	-	1,071,872	1,048,713
Compensated Absences	664,178	579,080	-	-	664,178	579,080
Estimated Landfill Closure	1,848,664	1,865,862	-	-	1,848,664	1,865,862
Total	\$ 9,675,651	\$ 10,358,036	\$ 4,129,318	\$ 4,133,601	\$ 13,804,969	\$ 14,491,637

Economic Factors and Rates

- The County's 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 2007 is estimated at 27,880. The estimated growth rate for the next several years is 2.4%.
- Property valuations continue to rise. This rise results in an increase in property tax revenues thereby helping the County fulfill its obligations to the citizens. Commercial development continues to grow. This growth creates both a burden for new or expanded services and new revenues.
- The County unemployment rate has averaged 3.7% to 3.8% over the last several years. In comparison, the State unemployment rate for 2006 was 3.0% and the National unemployment rate was 4.7%.
- The average income for a citizen of Wakulla County, \$23,590, falls far below the State and National average of \$33,219 and \$34,586, 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.

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, 2006

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 6,093,385	\$ 1,972,215	\$ 8,065,600
Investments	1,125,461	252,973	1,378,434
Receivables, net	4,486,814	8,996	4,495,810
Internal balances	261,090	(261,090)	-
Inventory	46,644	-	46,644
Capital assets not being depreciated	3,510,715	225,538	3,736,253
Other capital assets, net of depreciation	37,747,930	10,470,148	48,218,078
Other assets	137,807	-	137,807
Total assets	<u>53,409,846</u>	<u>12,668,780</u>	<u>66,078,626</u>
LIABILITIES			
Accounts payable and accrued expenses	1,799,945	680,517	2,480,462
Deferred revenue	777,196	-	777,196
Noncurrent liabilities			
Due within one year	1,146,078	268,276	1,414,354
Due in more than one year	8,529,573	3,861,042	12,390,615
Total liabilities	<u>12,252,792</u>	<u>4,809,835</u>	<u>17,062,627</u>
NET ASSETS			
Invested in capital assets, net of related debt	34,095,836	6,566,368	40,662,204
Restricted for:			
Public safety	1,969,238	-	1,969,238
Capital improvements	3,625,460	-	3,625,460
Human services	444,520	-	444,520
Future closure and post closure costs	-	390,396	390,396
Unrestricted	1,022,000	902,181	1,924,181
Total net assets	<u>\$ 41,157,054</u>	<u>\$ 7,858,945</u>	<u>\$ 49,015,999</u>

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

WAKULLA COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2006

	General Fund	One Cent Sales Tax	SHIP	Road Department	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 2,901,129	\$ 1,049,451	\$ 499,429	\$ 591,338	\$ 1,052,038	\$ 6,093,385
Investments	642,236	3,660	-	-	479,565	1,125,461
Accounts receivable, net	547,631	-	-	34,438	485,779	1,067,848
Due from other governments	1,006,356	198,625	-	191,671	2,022,314	3,418,966
Due from other funds	665,829	100,038	-	130,305	291,377	1,187,549
Prepaid items	137,807	-	-	-	-	137,807
Inventory	-	-	-	46,644	-	46,644
Total assets	\$ 5,900,988	\$ 1,351,774	\$ 499,429	\$ 994,396	\$ 4,331,073	\$ 13,077,660

LIABILITIES AND FUND BALANCES

Liabilities:						
Accounts payable and accrued expenses	\$ 1,123,631	\$ 80,632	\$ 1,044	\$ 86,499	\$ 507,065	\$ 1,798,871
Due to other governments	1,074	-	-	-	-	1,074
Due to other funds	295,830	-	-	2,207	628,422	926,459
Deferred revenue	15,852	-	369,679	-	391,665	777,196
Total liabilities	1,436,387	80,632	370,723	88,706	1,527,152	3,503,600
Fund Balances:						
Reserved	1,473,507	1,271,142	128,706	905,690	2,803,921	6,582,966
Unreserved	2,991,094	-	-	-	-	2,991,094
Total fund balances	4,464,601	1,271,142	128,706	905,690	2,803,921	9,574,060
Total liabilities and fund balances	\$ 5,900,988	\$ 1,351,774	\$ 499,429	\$ 994,396	\$ 4,331,073	

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	41,258,645
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the funds	(9,675,651)
Net assets of governmental activities	<u>\$ 41,157,054</u>

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

WAKULLA COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	General Fund	One Cent Sales Tax	SHIP	Road Department	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes, licenses, permits	\$ 9,282,223	\$ 1,668,043	\$ -	\$ 1,934,954	\$ 660,252	\$ 13,545,472
Intergovernmental	3,824,487	-	409,134	127,281	4,589,131	8,950,033
Fines and forfeitures	22,836	-	-	-	67,333	90,169
Charges for services	6,653,498	-	-	-	784,746	7,438,244
Other	323,858	25,006	4,667	211,865	624,208	1,189,604
Total revenues	<u>20,106,902</u>	<u>1,693,049</u>	<u>413,801</u>	<u>2,274,100</u>	<u>6,725,670</u>	<u>31,213,522</u>
Expenditures						
General government	4,947,938	451	-	-	118,253	5,066,642
Public safety	10,466,108	-	-	-	1,336,742	11,802,850
Physical environment	151,554	-	409,134	-	294,762	855,450
Court	594,570	-	-	-	-	594,570
Economic environment	59,096	-	-	-	811,681	870,777
Human services	687,170	-	-	-	206,150	893,320
Culture and recreation	783,544	-	-	-	20,282	803,826
Transportation	-	-	-	1,587,292	347,074	1,934,366
Capital outlay	544,170	1,644,931	-	421,312	2,887,897	5,498,310
Debt service	299,915	479,297	-	656,698	142,361	1,578,271
Total expenditures	<u>18,534,065</u>	<u>2,124,679</u>	<u>409,134</u>	<u>2,665,302</u>	<u>6,165,202</u>	<u>29,898,382</u>
Excess (deficiency) of revenues over expenditures	<u>1,572,837</u>	<u>(431,630)</u>	<u>4,667</u>	<u>(391,202)</u>	<u>560,468</u>	<u>1,315,140</u>
Other financing sources (uses)						
Transfers in	10,897,317	-	-	-	168,859	11,066,176
Transfers out	(10,699,665)	(144,200)	-	(28,694)	(193,617)	(11,066,176)
Transfer out to state programs	(219,670)	-	-	-	-	(219,670)
Debt proceeds	114,006	-	-	408,897	-	522,903
Total other financing sources (uses)	<u>91,988</u>	<u>(144,200)</u>	<u>-</u>	<u>380,203</u>	<u>(24,758)</u>	<u>303,233</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>1,664,825</u>	<u>(575,830)</u>	<u>4,667</u>	<u>(10,999)</u>	<u>535,710</u>	<u>1,618,373</u>
Fund balances, beginning of year	2,799,776	1,846,972	124,039	916,689	2,268,211	7,955,687
Fund balances, end of year	<u>\$ 4,464,601</u>	<u>\$ 1,271,142</u>	<u>\$ 128,706</u>	<u>\$ 905,690</u>	<u>\$ 2,803,920</u>	<u>\$ 9,574,059</u>

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

**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, 2006**

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

Net change in fund balances-total governmental funds (page 14)	\$	1,618,373
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.		2,838,849
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.		(122,153)
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.		750,285
Some expenses reported in the statement of activities do not required the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (Compensated absences)		(67,900)
Change in net assets of governmental activities (page 12)	<u>\$</u>	<u>5,017,454</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, 2006**

	<u>Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,581,819	\$ -	\$ 1,581,819
Investments	252,973	-	252,973
Accounts receivables, net of allowance for uncollectible accounts	2,082	6,914	8,996
Total current assets	<u>1,836,874</u>	<u>6,914</u>	<u>1,843,788</u>
Noncurrent assets:			
Restricted cash and cash equivalents	-	390,396	390,396
Capital assets, net of accumulated depreciation	10,695,686	-	10,695,686
Total noncurrent assets	<u>10,695,686</u>	<u>390,396</u>	<u>11,086,082</u>
Total Assets	<u>12,532,560</u>	<u>397,310</u>	<u>12,929,870</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	173,431	211,790	385,221
Deposits payable	275,846	19,450	295,296
Note payable, current portion	268,276	-	268,276
Due to other funds	105,230	155,860	261,090
Noncurrent liabilities:			
Note payable, long-term portion	3,861,042	-	3,861,042
Total liabilities	<u>4,683,825</u>	<u>387,100</u>	<u>5,070,925</u>
NET ASSETS			
Investment in capital assets, net of related debt	6,566,368	-	6,566,368
Restricted for future closure and post closure costs	-	390,396	390,396
Unrestricted	1,282,367	(380,186)	902,181
Total net assets	<u>\$ 7,848,735</u>	<u>\$ 10,210</u>	<u>\$ 7,858,945</u>

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

WAKULLA COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Sewer Fund	Solid Waste Fund	Total
Operating revenues:			
Charges for services	\$ 1,192,501	\$ 683,396	\$ 1,875,897
Operating expenses:			
Materials, supplies and other	529,086	836,249	1,365,335
Depreciation and amortization	250,693	-	250,693
Total operating expenses	<u>779,779</u>	<u>836,249</u>	<u>1,616,028</u>
Operating income (loss)	<u>412,722</u>	<u>(152,853)</u>	<u>259,869</u>
Nonoperating revenues (expenses):			
Miscellaneous	46,268	112,655	158,923
Interest expense	(166,167)	-	(166,167)
Total nonoperating revenues (expenses)	<u>(119,899)</u>	<u>112,655</u>	<u>(7,244)</u>
Income (loss) before contributed capital	<u>292,823</u>	<u>(40,198)</u>	<u>252,625</u>
Contributed capital	1,075,587	-	1,075,587
Net income (loss)	<u>1,368,410</u>	<u>(40,198)</u>	<u>1,328,212</u>
Net assets, beginning of year	6,480,325	50,408	6,530,733
Net assets, end of year	<u>\$ 7,848,735</u>	<u>\$ 10,210</u>	<u>\$ 7,858,945</u>

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

WAKULLA COUNTY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2006
Increase (Decrease) in Cash and Cash Equivalents

	Sewer Fund	Solid Waste Fund	Total
Cash flows from operating activities			
Cash received from customers and others	\$ 1,452,700	\$ 694,236	\$ 2,146,936
Cash paid to suppliers	(386,870)	(650,233)	(1,037,103)
Net cash provided by operating activities	<u>1,065,830</u>	<u>44,003</u>	<u>1,109,833</u>
Cash flows from capital and related financing activities			
Principal payments on long-term debt	(255,583)	-	(255,583)
Proceeds from note payable	251,300	-	251,300
Acquisition and construction of capital assets	(119,959)	-	(119,959)
Interest paid	(166,167)	-	(166,167)
Net cash used in capital and related financing activities	<u>(290,409)</u>	<u>-</u>	<u>(290,409)</u>
Cash flows from investing activities			
Interest and other nonoperating revenues	46,268	112,655	158,923
Purchase of investments	(252,973)	-	(252,973)
Net cash provided by (used in) investing activities	<u>(206,705)</u>	<u>112,655</u>	<u>(94,050)</u>
Net increase in cash and cash equivalents	<u>568,716</u>	<u>156,658</u>	<u>725,374</u>
Cash and cash equivalents, beginning of year	1,013,103	233,738	1,246,841
Cash and cash equivalents, end of year	<u>\$ 1,581,819</u>	<u>\$ 390,396</u>	<u>\$ 1,972,215</u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ 412,722	\$ (152,853)	\$ 259,869
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	250,693	-	250,693
Changes in asset and liabilities:			
Decrease in accounts receivable and due from other governments	109,549	8,540	118,089
Increase in due to other funds	71,124	-	71,124
Increase in accounts payable and accrued expenses	71,092	186,016	257,108
Increase in customer deposits	150,650	2,300	152,950
Total adjustments	<u>653,108</u>	<u>196,856</u>	<u>849,964</u>
Net cash provided by operating activities	<u>\$ 1,065,830</u>	<u>\$ 44,003</u>	<u>\$ 1,109,833</u>

Supplemental schedule of non cash investing and financing activities:

During the year ending September 30, 2006, developers contributed sewer lines and relates assets of \$1,075,587.

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

**WAKULLA COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2006**

	Agency
ASSETS	
Cash and cash equivalents	\$ 800,388
Due from other governments	5,434
Total assets	805,822
LIABILITIES	
Accounts payable and other accrued expenses	149,869
Due to other governments	404,408
Unremitted collections	4,171
Due to other entities of Wakulla County	29,167
Tax deposits	194,369
Inmate trust funds	23,838
Total liabilities	805,822
NET ASSETS	
Unrestricted	\$ -

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

WAKULLA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

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 assets acquired subsequent to June 30, 1980 in the fiscal year ended September 30, 2006 (See Note IV.M.).

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, 2006

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 judgements, 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 *State Housing Initiatives Partnership Fund ("SHIP")* accounts for down payment assistance and repairs and maintenance to low-income housing individuals.

The *Road Department Fund* accounts for construction and upkeep of county roads.

The government reports the following major proprietary funds:

The *Sewer Fund* and accounts for the activities of the government's sewer operations.

The *Solid Waste Fund* accounts for the activities of the government's solid waste collection operations.

WAKULLA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

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 after 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, 2006

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, 2006**

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:

Assets	Years
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, 2006**

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 are not due and payable in the current period and therefore are not reported in the funds.” The details of the \$9,675,651 difference are as follows:

Notes payable and capital leases	\$ 7,162,809
Estimated landfill closure and postclosure cost	1,848,664
Compensated absences	664,178
Net adjustments to reduce fund balance-total governmental funds to arrive at nets assets-governmental activities	<u>\$ 9,675,651</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 the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$2,838,849 difference are as follows:

Capital outlay	\$ 4,704,806
Depreciation expense	(1,865,957)
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 2,838,849</u>

WAKULLA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

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, 2006:

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

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 resources of the County.

Law Enforcement Education	\$	4,048
Litter Grant		52
County Visioning Process		13,507
Agriculture Expansion		3,262
Local Option Tourist Development Tax		82
Total	\$	20,951

WAKULLA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

IV. Detailed Notes on All Funds

A. Deposits and investments

Deposits. At year end, the carrying amount of the County's deposits was \$7,935,802 and the bank balance was \$6,341,574. Of the bank balance, \$6,341,574 was covered by Federal depository insurance or by collateral held by the County's custodial bank which is pledged to a state trust fund that provides security in accordance with the Florida Security for Deposits Act, Chapter 280, for amounts held in excess of FDIC coverage.

The Florida Security for Public Deposits Act established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral.

Investments. Investments of \$1,378,434 represent amounts held with the Florida State Board of Administration, Local Government Surplus Funds Trust. This fund is structured as a "2a-7 like" fund, which is carried at amortized cost. Amortized cost includes accrued income and is a method of calculating an investment's value by adjusting its acquisition cost for amortization of discount or premium over the period from purchase to maturity. Thus, the balance in the fund is its fair value. A "2a - 7 like" fund is not registered with the SEC as an investment company, but never the less has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940, which comprises the rules governing money market funds.

B. Receivables

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

	General	One Cent Sales Tax	Road Department	Other Governmental	Proprietary	Total
Accounts	\$ 2,356,301	\$ -	\$ 34,438	\$ 485,779	\$ 110,874	\$ 2,987,392
Intergovernmental	1,006,356	198,625	191,671	2,022,314	-	3,418,966
Gross receivables	3,362,657	198,625	226,109	2,508,093	110,874	6,406,358
Less: allowance	(1,808,670)	-	-	-	(101,878)	(1,910,548)
Net total receivables	<u>\$ 1,553,987</u>	<u>\$ 198,625</u>	<u>\$ 226,109</u>	<u>\$ 2,508,093</u>	<u>\$ 8,996</u>	<u>\$ 4,495,810</u>

C. Reserved Fund Balances

The balance of reserved fund balances is as follows:

	General	One Cent Sales Tax	SHIP	Road Department	Other Governmental	Total
Capital improvements	\$ 900,825	\$ 1,271,142	\$ -	\$ 905,690	\$ 540,359	\$ 3,618,016
Court maintenance	-	-	-	-	413,385	413,385
Human services	-	-	128,706	-	315,814	444,520
Prepaid items	137,807	-	-	-	-	137,807
Public safety	434,875	-	-	-	1,534,363	1,969,238
Total reserved fund balances	<u>\$ 1,473,507</u>	<u>\$ 1,271,142</u>	<u>\$ 128,706</u>	<u>\$ 905,690</u>	<u>\$ 2,803,921</u>	<u>\$ 6,582,966</u>

WAKULLA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

IV. Detailed Notes on All Funds (Continued)

D. Capital Assets

Capital asset activity for the year ended September 30, 2006 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 3,510,715	\$ -	\$ -	\$ 3,510,715
Capital assets, being depreciated				
Buildings and improvements	16,786,620	221,589	-	17,008,209
Furniture and equipment	7,332,439	1,193,053	(1,068,067)	7,457,425
Infrastructure	27,078,079	3,290,164	-	30,368,243
Total capital assets, being depreciated	<u>51,197,138</u>	<u>4,704,806</u>	<u>(1,068,067)</u>	<u>54,833,877</u>
Less accumulated depreciation				
Buildings and improvements	(7,609,012)	(344,918)	-	(7,953,930)
Furniture and equipment	(4,822,520)	(794,506)	945,914	(4,671,112)
Infrastructure	(3,734,372)	(726,533)	-	(4,460,905)
Total accumulated depreciation	<u>(16,165,904)</u>	<u>(1,865,957)</u>	<u>945,914</u>	<u>(17,085,947)</u>
Total capital assets, being depreciated, net	<u>35,031,234</u>	<u>2,838,849</u>	<u>(122,153)</u>	<u>37,747,930</u>
Total capital assets, being depreciated, net	<u>\$ 38,541,949</u>	<u>\$ 2,838,849</u>	<u>\$ (122,153)</u>	<u>\$ 41,258,645</u>
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 144,869	\$ -	\$ -	\$ 144,869
Construction in process	-	80,669	-	80,669
Total capital assets, not being depreciated	<u>144,869</u>	<u>80,669</u>	<u>-</u>	<u>225,538</u>
Capital assets, being depreciated				
Sewer system and improvements	10,835,046	1,075,587	-	11,910,633
Water system	1,034,568	39,291	-	1,073,859
Equipment	42,522	-	-	42,522
Total capital assets, being depreciated	<u>11,912,136</u>	<u>1,114,878</u>	<u>-</u>	<u>13,027,014</u>
Less accumulated depreciation	<u>(2,306,173)</u>	<u>(250,693)</u>	<u>-</u>	<u>(2,556,866)</u>
Total capital assets, being depreciated, net	<u>9,605,963</u>	<u>864,185</u>	<u>-</u>	<u>10,470,148</u>
Total capital assets, being depreciated, net	<u>\$ 9,750,832</u>	<u>\$ 944,854</u>	<u>\$ -</u>	<u>\$ 10,695,686</u>

**WAKULLA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006**

IV. Detailed Notes on All Funds (Continued)

D. Capital Assets (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 118,510
Public safety	823,470
Physical environment	15,419
Transportation	778,960
Economic environment	1,116
Human services	82,704
Culture and recreation	45,778
Total	<u>\$ 1,865,957</u>
Business-type activities:	
Sewer	<u>\$ 250,693</u>

E. Interfund receivables, payables and transfers

The composition of interfund balances as of September 30, 2006, is as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General fund	\$ 665,829	\$ 295,830
One cent sales tax	100,038	-
Road department	130,305	2,207
Other governmental funds	291,377	628,422
Sewer fund	-	105,230
Solid waste fund	-	155,860
	<u>\$ 1,187,549</u>	<u>\$ 1,187,549</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	\$ 10,897,317	\$ 10,699,665
Nonmajor governmental funds	168,859	193,617
One cent sales tax fund	-	144,200
Road department fund	-	28,694
	<u>\$ 11,066,176</u>	<u>\$ 11,066,176</u>

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

**WAKULLA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006**

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, 2006 were as follows:

Year Ending September 30,	Governmental Activities
2007	\$ 235,469
2008	235,469
2009	235,469
2010	184,710
2011	139,169
Thereafter	215,176
Total minimum lease payments	1,245,462
Less amounts representing interest	173,590
Present value of minimum lease payments	\$ 1,071,872

G. Long-term Debt

Notes Payable

Notes payable at September 30, 2006 is comprised of the following:

Governmental activities

Note payable to bank, payable in monthly installments of \$29,418 including interest at 3.61% through 2017, collateralized by a pledge of constitutional gas tax revenue and all non-ad valorem revenues	\$ 2,263,710
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	264,114
Note payable to corporation, payable in monthly installments of \$397 through 2007, including interest at 0.00%, collateralized by vehicle	6,036
Note payable to corporation, payable in monthly installments of \$382 through 2007, including interest at 0.00%, collateralized by vehicle	4,418

WAKULLA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

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	\$ 87,870
\$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	3,464,789
	\$ 6,090,937

Business-type activities

Note payable to bank, payable in monthly installments of \$35,729 through 2017, including interest at 4.08%, collateralized by pledge of sewer revenues	\$ 3,878,018
Note payable to State of Florida, payable in semi-annual installments of \$43,200, beginning February 15, 2010 through February 15, 2013, including interest at 1.235%, collateralized by revenues	251,300
	\$ 4,129,318

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2006 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Governmental activities:					
Notes payable	\$ 6,864,381	\$ 3,872	\$ 777,316	\$ 6,090,937	\$ 642,412
Capital leases	1,048,713	519,031	495,872	1,071,872	165,010
Compensated absences	579,080	589,431	504,333	664,178	338,656
Estimated landfill closure and postclosure cost	1,865,862	-	17,198	1,848,664	-
Governmental activity long-term liabilities	\$ 10,358,036	\$ 1,112,334	\$ 1,794,719	\$ 9,675,651	\$ 1,146,078
Business-type activities:					
Notes payable	\$ 4,133,601	\$ 251,300	\$ 255,583	\$ 4,129,318	\$ 268,275

WAKULLA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

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.

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.

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 9.85% for regular, 16.53% for elected county officials, 20.92% for special risk, 10.91% for employees in the Deferred Retirement Option Program (DROP) and 13.12% 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, 2006 was approximately \$312,000.

WAKULLA COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

IV. Detailed Notes on All Funds (Continued)

K. 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.

L. 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, 2006, has been recorded in the statement of net assets representing the Board's estimated liabilities for such costs (in 2006 dollars). At September 30, 2006, \$390,396 was held in separate cash account to fund future closure and postclosure costs.

M. Prior Period Adjustment:

Beginning net assets have been increased by \$15,861,354 to include all infrastructure assets for GASB 34 and capital leases and notes payable.

WAKULLA COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2006

WAKULLA COUNTY, FLORIDA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	<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	\$ 9,402,198	\$ 9,402,198	\$ 9,282,223	\$ (119,975)
Intergovernmental	3,097,442	3,133,052	3,824,487	691,435
Fines and forfeitures	4,500	4,500	22,836	18,336
Charges for services	5,550,610	5,601,670	6,653,498	1,051,828
Other	800,330	911,301	323,858	(587,443)
Total revenues	<u>18,855,080</u>	<u>19,052,721</u>	<u>20,106,902</u>	<u>1,054,181</u>
Expenditures				
General government	5,237,137	4,937,244	4,947,938	(10,694)
Public safety	10,306,987	10,729,847	10,466,108	263,739
Physical environment	154,830	155,553	151,554	3,999
Court	831,020	1,064,641	594,570	470,071
Economic environment	40,709	61,816	59,096	2,720
Human services	585,000	585,000	687,170	(102,170)
Culture and recreation	697,557	825,329	783,544	41,785
Transportation	-	-	-	-
Capital outlay	923,377	915,428	544,170	371,258
Debt service	292,472	292,472	299,915	(7,443)
Total expenditures	<u>19,069,089</u>	<u>19,567,330</u>	<u>18,534,065</u>	<u>1,033,265</u>
Excess (deficiency) of revenues over expenditures	<u>(214,009)</u>	<u>(514,609)</u>	<u>1,572,837</u>	<u>1,058,228</u>
Other financing sources (uses)				
Transfers in	10,682,936	10,870,757	10,897,317	26,560
Transfers out	(10,468,927)	(10,356,148)	(10,699,665)	(343,517)
Transfer out to state programs	-	-	(219,670)	(219,670)
Loan Proceeds	-	-	114,006	114,006
Total other financing sources (uses)	<u>214,009</u>	<u>514,609</u>	<u>91,988</u>	<u>(422,621)</u>
Excess of revenues and other financing sources over expenditures and other financing uses	<u>-</u>	<u>-</u>	<u>1,664,825</u>	<u>1,664,825</u>
Fund balances, beginning of year	2,799,776	2,799,776	2,799,776	-
Fund balances, end of year	<u>\$ 2,799,776</u>	<u>\$ 2,799,776</u>	<u>\$ 4,464,601</u>	<u>\$ 1,664,825</u>

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

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, 2006

	<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	\$ 1,502,051	\$ 1,502,051	\$ 1,668,043	\$ 165,992
Intergovernmental	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Other	1,530,000	1,530,000	25,006	(1,504,994)
Total revenues	<u>3,032,051</u>	<u>3,032,051</u>	<u>1,693,049</u>	<u>(1,339,002)</u>
Expenditures				
General government	-	-	451	(451)
Public safety	-	-	-	-
Physical environment	-	-	-	-
Court	-	-	-	-
Economic environment	-	-	-	-
Human services	-	-	-	-
Culture and recreation	-	-	-	-
Transportation	-	-	-	-
Capital outlay	2,552,755	2,552,755	1,644,931	907,824
Debt service	479,296	479,296	479,297	(1)
Total expenditures	<u>3,032,051</u>	<u>3,032,051</u>	<u>2,124,679</u>	<u>907,372</u>
Deficiency of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(431,630)</u>	<u>(431,630)</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	(144,200)	(144,200)
Transfer out to state programs	-	-	-	-
Loan proceeds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(144,200)</u>	<u>(144,200)</u>
Deficiency of revenues and other financing sources over expenditures and other financing uses	<u>-</u>	<u>-</u>	<u>(575,830)</u>	<u>(575,830)</u>
Fund balances, beginning of year	1,846,972	1,846,972	1,846,972	-
Fund balances, end of year	<u>\$ 1,846,972</u>	<u>\$ 1,846,972</u>	<u>\$ 1,271,142</u>	<u>\$ (575,830)</u>

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

WAKULLA COUNTY, FLORIDA
STATE HOUSING INITIATIVES PARTNERSHIP PROGRAM
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues				
Taxes, licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental	350,000	425,000	409,134	(15,866)
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Other	45,000	45,000	4,667	(40,333)
Total revenues	<u>395,000</u>	<u>470,000</u>	<u>413,801</u>	<u>(56,199)</u>
Expenditures				
General government	-	-	-	-
Public safety	-	-	-	-
Physical environment	200,000	278,000	409,134	(131,134)
Court	-	-	-	-
Economic environment	-	-	-	-
Human services	-	-	-	-
Culture and recreation	-	-	-	-
Transportation	-	-	-	-
Capital outlay	150,000	150,000	-	150,000
Debt service	45,000	42,000	-	42,000
Total expenditures	<u>395,000</u>	<u>470,000</u>	<u>409,134</u>	<u>60,866</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>4,667</u>	<u>4,667</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 of revenues and other financing sources over expenditures and other financing uses	<u>-</u>	<u>-</u>	<u>4,667</u>	<u>4,667</u>
Fund balances, beginning of year	124,039	124,039	124,039	-
Fund balances, end of year	<u>\$ 124,039</u>	<u>\$ 124,039</u>	<u>\$ 128,706</u>	<u>\$ 4,667</u>

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

WAKULLA COUNTY, FLORIDA
ROAD DEPARTMENT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues				
Taxes, licenses and permits	\$ 881,478	\$ 881,478	\$ 1,934,954	\$ 1,053,476
Intergovernmental	1,349,202	1,349,202	127,281	(1,221,921)
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Other	1,193,946	1,193,946	211,865	(982,081)
Total revenues	<u>3,424,626</u>	<u>3,424,626</u>	<u>2,274,100</u>	<u>(1,150,526)</u>
Expenditures				
General government	-	-	-	-
Public safety	-	-	-	-
Physical environment	-	-	-	-
Court	-	-	-	-
Economic environment	-	-	-	-
Human services	-	-	-	-
Culture and recreation	-	-	-	-
Transportation	2,281,668	2,348,668	1,587,292	761,376
Capital outlay	236,262	169,262	421,312	(252,050)
Debt service	906,696	906,696	656,698	249,998
Total expenditures	<u>3,424,626</u>	<u>3,424,626</u>	<u>2,665,302</u>	<u>759,324</u>
Deficiency of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(391,202)</u>	<u>(391,202)</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	(28,694)	(28,694)
Transfer out to state programs	-	-	-	-
Loan proceeds	-	-	408,897	408,897
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>380,203</u>	<u>380,203</u>
Deficiency of revenues and other financing sources over expenditures and other financing uses	<u>-</u>	<u>-</u>	<u>(10,999)</u>	<u>(10,999)</u>
Fund balances, beginning of year	916,689	916,689	916,689	-
Fund balances, end of year	<u>\$ 916,689</u>	<u>\$ 916,689</u>	<u>\$ 905,690</u>	<u>\$ (10,999)</u>

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

WAKULLA COUNTY, FLORIDA
ADDITIONAL INFORMATION
SEPTEMBER 30, 2006

**WAKULLA COUNTY, FLORIDA
OFFICIALS
SEPTEMBER 30, 2006**

COUNTY COMMISSIONERS

Maxie Lawhon, Chairman

Brian Langston

Henry Vause

Ed Brimner

Howard W. Kessler, M.D.

COUNTY ADMINISTRATOR

Joseph H. Blanchard

WAKULLA COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2006

Federal Grantor / State Grantor / Pass-Through / Program Title	Federal		State		Contract Number	Program	
	CFDA Number	CSFA Number	CFDA Number	CSFA Number		Amount	Expenditures
Federal Awards							
US Department of Commerce Coastal Zone Management Administration Awards	11.419	--	NA170Z2144	--	\$ 81,411	\$ -	
Passed Through State of Florida Department of Environmental Protection Coastal Zone Management Administration Awards	11.419	--	CZ606	--	25,000	8,859	8,859
					106,411	8,859	8,859
US Department of Defense, Office of Economic Adjustments Community Economic Adjustment Planning Assistance for Reductions in Defense Industry Employment	12.611	--	AP0545-05-01	--	135,000	13,507	13,507
US Department of Housing and Urban Development CDBG / State's Program	14.228	--	06-DB-3K-02-75-01-E-01	--	750,000	18,750	18,750
Section 8 Housing Choice Vouchers	14.871	--	FL096	--	874,995	763,531	763,531
US Department of Justice Passed Through State of Florida Office of the Attorney General Crime Victim Assistance	16.575	--	V5069	--	100,497	100,497	100,497
Passed Through State of Florida Department of Law Enforcement Edward Byrne Memorial Formula Grant Program	16.579	--	2006-JAGC-WAKU-1-M8-035	--	49,393	49,393	49,393
Edward Byrne Memorial Formula Grant Program	16.579	--	06-CJ-5A-02-75-01-273	--	28,823	28,823	28,823
					78,216	78,216	78,216
Local Law Enforcement Block Grant Program	16.592	--	2004-LB-BX-1053	--	10,951	10,951	10,951
Bullet Proof Vest Partnership Program 2004	16.607	--	--	--	3,150	3,150	3,150
Bullet Proof Vest Partnership Program 2005	16.607	--	--	--	8,959	8,959	8,959
Bullet Proof Vest Partnership Program 2006	16.607	--	--	--	2,690	2,690	2,690
					14,799	14,799	14,799
Passed Through State of Florida Office of Governor Enforcing Underage Drinking Laws Program	16.727	--	2004-50268-FL-AH	--	34,053	7,803	7,803
Enforcing Underage Drinking Laws Program	16.727	--	2005-AH-FX-0019	--	34,000	25,500	25,500
					68,053	33,303	33,303

WAKULLA COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2006

(Continued)

Federal Awards (Continued)	Federal CFDA Number	State CSFA Number	Contract Number	Program Amount	Expenditures
US Department of Transportation Passed Through Florida Department of Transportation Highway Planning and Construction	20.205	--	ANR31	\$ 601,700	\$ 1,120
State and Community Highway Safety	20.600	--	AOE80	10,000	8,599
State and Community Highway Safety	20.600	--	AO641	83,063	83,063
				<u>93,063</u>	<u>91,662</u>
U.S. Department of Environmental Protection Passed Through State of Florida, Department of Environmental Protection Capitalization Grants for Clean Water State Revolving Funds	66.458		WW64206P	1,256,500	80,668
US Department of Energy Passed Through State of Florida Department of Community Affairs Weatherization Assistance For Low-Income Persons 05-06	81.042	--	05WX-5S-02-75-01-036	37,346	36,091
Weatherization Assistance For Low-Income Persons 06-07	81.042	--	06WX-6D-02-75-01-036	22,947	3,502
				<u>60,293</u>	<u>39,593</u>
US Department of Education Passed Through State of Florida Department of Education Adult Education - State Grant Program	84.002	--	654-1914A-6PC01	129,500	90,060
Elections Assistance Commission Passed Through State of Florida Department of State, Division of Elections Help America Vote Act Requirements Payments	90.401	--	--	4,484	3,158
Help America Vote Act Requirements Payments	90.401	--	--	4,484	4,484
				<u>8,968</u>	<u>7,642</u>
US Department of Health and Human Services Passed Through Florida State University Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	--	R00588	50,000	8,001
Passed Through State of Florida Department of Revenue Child Support Enforcement	93.563	--	CC365	34,638	34,638
Child Support Enforcement	93.563	--	C-0565	1,531	1,531
				<u>36,169</u>	<u>36,169</u>

WAKULLA COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2006
(Continued)

Federal Grantor / State Grantor / Pass-Through / Program Title	Federal		State		Contract Number	Program Amount	Expenditures
	CFDA Number	CSFA Number	CFDA Number	CSFA Number			
Federal Awards (Continued)							
Passed Through State of Florida Department of Community Affairs							
Low- Income Home Emergency Assistance	93.568	--	--	--	05EA-5K-02-75-01-032	\$ 79,033	\$ 39,196
Low- Income Home Emergency Assistance	93.568	--	--	--	06EA-3M-02-75-01-032	101,522	60,076
Low- Income Home Emergency Assistance	93.568	--	--	--	06LH-5K-02-75-01-036	47,551	46,006
						<u>228,106</u>	<u>145,278</u>
US Department of Homeland Security							
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	--	--	--	06-DN-@G-02-75-01-586	589,641	122,816
Passed Through State of Florida Office of Criminal Justice							
State Domestic Preparedness Equipment Support Program	97.004	--	--	--	05-CJ-L2-02-75-23-046	58,102	52,108
Passed Through State of Florida Department of Community Affairs							
Emergency Management Performance Grants	97.042	--	--	--	06BG-04-02-75-01-119	23,295	23,295
Homeland Security Grant Program	97.067	--	--	--	5189	106,700	106,700
US Department of Transportation							
Recreational Trails Program	20.219	--	--	--	401814G209	143,250	29,069
TOTAL FEDERAL AWARDS						<u>\$ 5,524,209</u>	<u>\$ 1,876,594</u>
State Financial Assistance							
State of Florida Department of Environmental Protection							
Small County Consolidated Grants	--	37.012	--	--	SC632	\$ 191,176	\$ 190,823
Florida Recreation Development Assistance Program	--	37.017	--	--	F5082	200,000	82,340
Florida Recreation Development Assistance Program	--	37.017	--	--	F5298	200,000	104,041
						<u>400,000</u>	<u>186,381</u>
State of Florida Department of Agriculture and Consumer Services							
Agriculture/Livestock Markets/Pavilions/Centers	--	42.001	--	--	005656	300,000	48,850
Mosquito Control	--	42.003	--	--	FDACS#9654	41,400	41,400

WAKULLA COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2006
(Continued)

Federal Grantor / State Grantor / Pass-Through / Program Title	Federal		State		Contract Number	Program	
	CFDA Number	CSFA Number	CFDA Number	CSFA Number		Amount	Expenditures
State Financial Assistance (Continued)							
State of Florida Department of State and Secretary of State							
State Aid to Libraries	--	45.030			06-ST-94	\$ 97,136	\$ 97,136
State Aid to Libraries	--	45.030			04-PLC-07	120,000	4,536
						<u>217,136</u>	<u>101,672</u>
State of Florida Department of Community Affairs							
Technical Assistance Planning Grants	--	52.008			06-BG-04-02-75-01-119	102,959	102,959
Technical Assistance Planning Grants	--	52.028			06-DR-73-02-75-01-069	15,000	15,000
Technical Assistance Planning Grants	--	52.028			06-DR-64-02-75-01-012	15,000	15,000
						<u>132,959</u>	<u>132,959</u>
State of Florida Housing Finance Corporation							
State Housing Incentives Partnership Program	--	52.901			--	350,000	23,526
State Housing Incentives Partnership Program	--	52.901			--	350,000	350,000
						<u>700,000</u>	<u>373,526</u>
Florida Department of Transportation							
Small County Road Assistance Program	--	55.016			ANQ85	1,279,189	959,843
Small County Road Assistance Program	--	55.016			A0417	743,942	694,149
						<u>2,023,131</u>	<u>1,653,992</u>
State of Florida Department of Health							
Emergency Medical Services Matching Awards	--	64.003			R2008	47,061	667
Emergency Medical Services Matching Awards	--	64.003			M5048	52,446	42,739
						<u>99,507</u>	<u>43,406</u>
County Grant Awards	--	64.005			C5065	7,830	7,830
State of Florida Department of Corrections							
County Jail Beds	--	70.006			C2131	613,200	526,411
State of Florida Department of Fish and Wildlife Conservation Commission							
Florida Boating Improvement Program	--	77.006			FWC 03064	150,000	167
Florida Boating Improvement Program	--	77.006			FWC 04130	25,000	25,000
Florida Boating Improvement Program	--	77.006			FWC 04132	50,000	17,509
						<u>225,000</u>	<u>42,676</u>

WAKULLA COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2006
(Continued)

Federal Grantor / State Grantor / Pass-Through / Program Title	Federal		State		Contract Number	Program	
	CFDA Number	CSFA Number	CFDA Number	CSFA Number		Amount	Expenditures
State of Florida Department of Juvenile Justice							
Delinquency Prevention	--	80.029			DP-330	\$ 35,000	\$ 35,000
Delinquency Prevention	--	80.029			--	35,000	8,530
						<u>70,000</u>	<u>43,530</u>
TOTAL STATE FINANCIAL ASSISTANCE						<u>5,021,339</u>	<u>3,393,456</u>
TOTAL FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE						<u>\$ 10,545,548</u>	<u>\$ 5,270,050</u>

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, 2006, and have issued our report thereon dated June 12, 2007. 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 certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. 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 conditions are described in the accompanying schedule of findings and questioned costs as findings 06-01, 06-02, 06-03, 06-04, 06-05, and 06-06.

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 conditions described above as findings 06-01, 06-03, 06-04, 06-05, and 06-06 to be material weaknesses.

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., P.L.

Tallahassee, Florida
June 12, 2007

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, 2006. 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, 2006.

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 OMB Circular A-133, Chapter 10.550, Rules of the State of Florida Office of the Auditor General.

We noted a certain matter involving the internal control over compliance 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 compliance that, in our judgment, could adversely affect Wakulla County, Florida's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 06-07.

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 noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program 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 compliance 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, of the reportable condition described above, we consider item 06-07 to be a material weakness.

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.

James Moore & Co., P.L.

Tallahassee, Florida
June 12, 2007

**WAKULLA COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS AND STATE PROJECTS
SEPTEMBER 30, 2006**

I. Summary of Auditors' Results:

- A. Type of audit report issued on the general purpose financial statements: Unqualified.
- B. There were six reportable conditions in internal control disclosed by the audit of the financial statements. Five of the reportable conditions were material weaknesses.
- C. There were no instances of noncompliance material to the financial statements of Wakulla County, Florida disclosed during the audit.
- D. There was one reportable condition in internal control over major programs disclosed by the audit. This reportable condition was a material weakness.
- E. Type of report issued on compliance for major Federal programs and State projects: Unqualified.
- F. The audit disclosed one audit finding relative to the major federal award programs. There were no audit findings relative to the major 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:

<u>Federal Program</u>	<u>Federal CFDA Number</u>
Section 8 Housing Choice Vouchers	14.871
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036
Capitalization Grants for Clean Water State Revolving Funds	66.458
<u>State Project</u>	<u>State CSFA Number</u>
State Aid to Libraries	45.030
Small County Road Assistance Program	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, 2006
(Continued)

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

Finding 06-01: Landfill Collections

As noted in the prior year, we noted that there were inadequate controls in place for the collections of monies from residents of Wakulla County at the landfill. In addition, there were inadequate 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.

Finding 06-02: Purchase Orders

Per discussion of Wakulla County personnel, purchase orders are not always used prior to an expenditure taking place. We recommend that approved purchase orders only being used prior to an expenditure being incurred and not after.

Finding 06-03: Roads

There is no formal process for Wakulla County tracking roads turned over by developers to Wakulla County so that the information can be accounted for under the infrastructure assets. We recommend a process be developed so that contributed roads turned over to the County are forwarded to the accounting department for proper accounting treatment.

Finding 06-04: Sewer Billings and Cut Off Procedures

Many customers are past due on their accounts and according to policies, these customers are to be cut off which is not always occurring. The County should also review all sewer taps to ensure customers are properly being billed. We recommend all County policies be followed.

Finding 06-05: Eligibility documentation

From files tested in the "SHIP" program, we noted that some files are not being properly completed and signed off on to meet eligibility requirements. We recommend all required forms be completed.

Finding 06-06: Recording of Contract and Grants Receivables

We noted that the Board does not receive information from all Constitutional Officers to record all accounts receivable from amounts billed on contracts and grants. We recommend that contract and grant receivables be recorded on a monthly basis and that the collections of the receivables be monitored and followed up on to insure timely payments.

WAKULLA COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS AND STATE PROJECTS
SEPTEMBER 30, 2006
(Continued)

Finding 06-07: Housing Quality Standards Inspections

Condition and Criteria: Public Housing Agencies are required to meet quality Standards Inspections. Where the Housing Quality Standards have not been met, the Public Housing Agency shall correct the cited Housing Quality Standard deficiency within thirty calendar days or other specified time period. From files tested, certain files contained instances where the deficiency was not corrected within the required thirty day period.

Effect: The County did have a policy, but did not follow it.

Auditor Recommendation: We recommend the Quality Standards inspections be done within the required time guidelines and required corrective actions be reviewed for timely correction.

III. Findings and questioned costs – major Federal award programs audit:

Section 8 Housing Choice Vouchers – CFDA No. 14.871. See Finding 06-07.

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, 2006**

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>
05-01	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, 2006, and have issued our report thereon dated June 12, 2007.

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 June 12, 2007, 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 \$20,951.

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, 2006, 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, 2006.

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.

James Moore & Co., P.L.

Tallahassee, Florida
June 12, 2007