

**LAFAYETTE COUNTY, FLORIDA
MAYO, FLORIDA**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

SEPTEMBER 30, 2007

**LAFAYETTE COUNTY, FLORIDA
AUDIT REPORT
SEPTEMBER 30, 2007**

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**LAFAYETTE COUNTY, FLORIDA
AUDIT REPORT
SEPTEMBER 30, 2007**

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**INDEPENDENT AUDITOR'S
REPORT ON FINANCIAL STATEMENTS**

I have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the appropriate remaining fund information of Lafayette County as of and for the fiscal year ended September 30, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my 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 I 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 amount 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. I believe that my audit and the report of the other auditors provide a reasonable basis for my opinion.

In my opinion, based on my audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the appropriate remaining fund information of Lafayette County as of September 30, 2007, and the respective changes in financial position thereof for the fiscal year then ended in conformity with United States generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 27, 2008 on my consideration of Lafayette County's internal control over financing reporting and my tests of its compliance with certain provisions of laws, administrative rules, 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 result of that testing, and not to provide an opinion on the internal control over financial control or on compliance. That report is an integral part of an audit provided in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

As discussed in Note 1 to the financial statements, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of October 1, 2003.

Management's discussion and analysis and the budgetary comparison schedules listed in the table of contents as "required supplementary information" are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. I 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, I did not audit the information and express no opinion on it.

The Management's Discussion and Analysis (page 3 through 7) and the Budgetary Comparison Schedule (shown as EXHIBIT H) are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion thereon.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The information listed in the table of contents as "supplemental information", including the Schedule of Expenditures of Federal Awards and State Financial Assistance, which is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit*

Organizations and Chapter 10.550, Rules of the Auditor General, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

June 27, 2008

James E. Davis
Certified Public Accountant

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of Lafayette County, Florida has prepared the following discussion and analysis to (a) assist the reader in focusing on significant financial issues; (b) provide an overview and analysis of the County's financial activities; (c) identify changes in the County's financial position; (d) identify material deviations from the approved budget; and (e) highlight significant issues in individual funds.

Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transaction, events, and conditions, it should be considered in conjunction with the County's financial statements and notes to financial statements found on pages 7 through 21.

The County has implemented Governmental Accounting Standards Board (GASB) Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* as of October 1, 2003. This statement requires governmental entities to report finances in accordance with specific guidelines. Among those guidelines are the components of this section dealing with management's discussion and analysis.

Its intent is to provide a brief, objective, and easily readable analysis of the County's financial performance for the year and its financial position at fiscal year end September 30, 2007.

One of the key changes in financial presentation is the requirement to capitalize infrastructure assets and record depreciation. Consequently, significant changes have resulted in the reporting of fixed assets, long term liabilities, and fund balances.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2006-7 fiscal year are as follows:

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$26,229,810.
- The County's total net assets increased by \$3,273,847, which represents a 12.5 percent increase from the 2005-6 fiscal year.
- As of the close of the current fiscal year, the County's governmental funds reported total fund balance of \$5,506,556, an decrease of \$235,004, in comparison with the prior year.
- During the current year, General Fund expenditures and transfers exceeded revenues by \$55,993. General fund revenue increased by \$248,997, or 6.8% over the prior fiscal year.
- Long-term debt decreased by \$407,385.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three components:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

This report also contains other supplementary information in addition to the basic financials statements themselves.

Government-Wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the County's overall financial condition in a manner similar to those of a private-sector business. The statements include a Statement of Net Assets and a Statement of Activities that are designed to provide consolidated financial information about the governmental activities of the County presented on the accrual basis of accounting. The Statement of Net Assets provides information about the government's financial position, its assets and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, the net assets, is a measure of the financial health of the County. The Statement of Activities presents information about the change in the County's net assets, the results of operations, during the fiscal year. An increase or decrease in net assets may be an indication of whether the County's financial health is improving or deteriorating.

The government activities of the County include general government, public safety, physical environment, transportation, economic environment, health and social services, culture/recreation, and other community services.

MANAGEMENT'S DISCUSSION AND ANALYSIS - continued

The government-wide financial statements can be found on pages 8 and 9 of this report.

Fund Financial Statements

Fund financial statements are one of the components of the basic 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 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and prudent fiscal management. Certain funds are established by law while others are created by legal agreements, such as bond covenants. Fund financial statements provide more detailed information about the County's financial activities, focusing on its most significant or "major" funds rather than fund types. This is in contrast to the entity-wide perspective contained in the government-wide statements. All of the County's funds may be classified into two categories – governmental funds and fiduciary funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. This financial resources measurement focus allows the governmental fund statements to provide information on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year.

The governmental fund statements provide a detailed short-term view that may be used to evaluate the County's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental funds to governmental activities.

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the County's funds. The County maintains 16 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, Road and Bridge Fund, Solid Waste Management, Emergency Medical Services, Sheriff's Office, Capital Projects, and Debt Service Funds, which are considered to be major funds. Data from the other 9 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the supplementary information section of this report.

The County adopts an annual appropriated budget for its governmental funds. A budgetary comparison schedule has been provided for the major funds.

Under GASB 34, the County's Fiduciary Funds, other than Agency Funds, are now classified as non-major governmental funds.

Notes to Financial Statements

The notes provide additional information that is essential for 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 14 through 21 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS – continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. The following is a summary of the County's net assets as of September 30, 2007 and September 2006:

	Net Assets, End of Year	
	Governmental Activities	
	<u>9/30/2007</u>	<u>9/30/2006</u>
Current and Other Assets	\$ 5,581,720	\$ 5,210,947
Capital Assets - net	<u>24,314,680</u>	<u>18,847,588</u>
Total Assets	<u>29,896,400</u>	<u>24,058,535</u>
Current Liabilities	217,531	62,024
Long-term Liabilities	<u>3,449,059</u>	<u>4,623,378</u>
Total Liabilities	<u>3,666,590</u>	<u>4,685,402</u>
Net Assets:		
Invested in Capital Assets	22,354,973	15,925,036
Restricted	813,257	1,770,035
Unrestricted	<u>3,061,580</u>	<u>1,678,422</u>
Total Net Assets	<u>\$ 26,229,810</u>	<u>\$ 19,373,493</u>

The largest portion of the County's net assets (85.2 per cent) reflects its investments in capital assets (e.g., land, buildings, and equipment), less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's 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.

An additional portion of the County's net assets (3.1percent) represent resources that are dedicated or subject to restrictions on how they may be used. The remaining balance of unrestricted net assets (\$3,061,580) may be used to meet the government's ongoing obligations to citizens and creditors.

The key elements of the changes in the County's net assets for the fiscal year ended September 30, 2007 are contained on the Statement of Activities on page 8 of this report.

Governmental activities increased the County's net assets by \$3,273,847, or approximately 12.5 percent.

MANAGEMENT DISCUSSION AND ANALYSIS - continued

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Major Governmental Funds

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, the unreserved fund balance was \$1,470,165, while the total fund balance was \$1,470,165. As a measure of the General Fund's liquidity, it may be useful to compare both the unreserved fund balance and total fund balance to total General Fund expenditures. Unreserved fund balance represents 82.6 percent of total General Fund expenditures, while total fund balance represents 82.6 percent of that same amount. The unreserved total fund balance decreased by \$55,993 during the 2006-2007 fiscal year.

Total unreserved fund balances for all governmental funds totaled \$4,871,191 at September 30, 2007, compared to total governmental fund balances of \$5,506,556, at the same date. The difference amounted to \$1,336,644 reserved for mortgages receivable in the Affordable Housing Trust and \$245,115, restricted for debt service.

The unreserved Governmental Fund balance of \$5,506,556 is different from the Unrestricted Net Assets amount on the Statement of Net Assets of \$3,061,580 due to reporting requirements regarding primarily long-term debt liabilities, which are not included on the Governmental Fund balance sheet.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the course of the 2006 – 2007 fiscal year, the County did not amend its General Fund budget.

CAPITAL ASSETS

The County's investment in capital assets for its governmental activities as of September 30, 2007, amounted to \$24,314,680 (net of accumulated depreciation). This investment in capital assets includes land; buildings and fixed equipment; furniture, fixtures, and equipment; and computer software. Costs for past road and other infrastructure have not been included, but will be reflected in a future report when the information is collected.

LONG-TERM DEBT

At the end of fiscal year ended September 30, 2007, the County had long-term debt amounting to \$3,449,059. Of this amount, revenue bond outstanding was \$1,830,000, with \$1,350,436 estimated for landfill closure, \$138,916 to meet compensated absences obligations, and the remainder for notes and capitalized leases for equipment and vehicles.

ECONOMIC FACTORS – LAFAYETTE COUNTY, FLORIDA

..The unemployment rate for the County was 3.1 percent at September 30, 2007, a 14.8% increase over the prior year.

..Population increased approximately 1.9% from the prior year to approximately 8,215.

..The taxable value for personal and real property in the County at September 30, 2007 is \$241,483,555 an increase of 13.2 percent over the previous year.

..The general ad valorem tax mileage rate remained at 8.828 mills for the year ended September 30, 2007 and will remain the same in the following fiscal year.

..The budget for the next fiscal year ending September 30, 2008 represents a 0.8 percent increase over the 2007 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Lafayette County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the, Lafayette Board of County Commissions, P.O. Box 88, Mayo, Florida 32066.

LAFAYETTE COUNTY, FLORIDA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2007

		Governmental Activities
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$	3,696,802
Accounts Receivable - net		67,319
Due from Other Governmental Units		228,926
Total Current Assets		3,993,047
 RESTRICTED ASSETS		
Cash and Cash Equivalents		953,308
 NONCURRENT ASSETS		
Mortgages Receivable		635,365
Capital Assets - net of depreciation		24,314,680
Total Noncurrent Assets		24,950,045
Total Assets	\$	29,896,400
 LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$	194,697
Due to Other Governmental Units		22,834
Total Current Liabilities		217,531
 NONCURRENT LIABILITIES		
Capitalized Lease Obligations		64,027
Installment Notes Payable		65,680
Revenue Bonds Payable		1,830,000
Landfill Closure Costs		1,350,436
Compensated Absences		138,916
Total Noncurrent Liabilities		3,449,059
Total Liabilities		3,666,590
 NET ASSETS		
Investment in Capital Assets- net of related debt		22,354,973
Restricted - Debt Service		451,762
- Capital Projects		361,495
Unrestricted		3,061,580
Total Net Assets		26,229,810
TOTAL LIABILITIES AND NET ASSETS	\$	29,896,400

See Notes to Financial Statements

LAFAYETTE COUNTY
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	Program Revenues			Net (Expense) Revenue & Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	
Functions/Programs				
Governmental Activities:				
General Government	\$ 1,769,809	\$ 222,056	\$ -	\$ (1,547,753)
Public Safety	2,382,938	175,318	-	(2,108,620)
Physical Environment	686,371	288,235	252,487	2,525,472
Transportation	713,983	-	180,323	(533,660)
Economic Environment	995,748	85,418	-	(910,330)
Human Services	139,711	-	-	(139,711)
Culture/Recreation	238,941	-	23,704	(215,237)
Depreciation	326,242	-	-	(326,242)
Interest	154,304	-	-	(154,304)
Total Government Activities	7,408,047	771,027	456,514	(3,410,385)

General Revenues:	
Property Taxes	2,122,447
Gasoline Taxes	992,942
Sales Tax	744,861
Other Taxes	321,854
State Revenue Sharing	131,015
Interest	158,694
Miscellaneous	2,212,419
Total General Revenue	<u>6,684,232</u>
Change in Net Assets	<u>3,273,847</u>
Net Assets - October 1, 2006	22,955,963
Net Assets - September 30, 2007	<u>\$ 26,229,810</u>

See Notes to Financial Statements

LAFAYETTE COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2007

<u>ASSETS</u>	General Fund	Road and Bridge	Solid Waste Management	Emergency Medical Services	Sheriff	Capital Projects Fund	Debt Service	Other Governmental Funds	Total
Cash	\$ 1,530,185	\$ 519,069	\$ 175,371	\$ 137,049	\$ 20,002	\$ 361,495	\$ 591,813	\$ 1,315,126	\$ 4,650,110
Accounts receivable	-	-	13,708	53,611	-	-	-	-	67,319
Mortgages receivable	-	-	-	-	-	-	-	635,365	635,365
Due from other funds	142,367	348,953	70,559	-	-	-	-	63,529	625,408
Due from other governmental units	151,939	76,987	-	-	-	-	-	-	228,926
	<u>\$ 1,824,491</u>	<u>\$ 945,009</u>	<u>\$ 259,638</u>	<u>\$ 190,660</u>	<u>\$ 20,002</u>	<u>\$ 361,495</u>	<u>\$ 591,813</u>	<u>\$ 2,014,020</u>	<u>\$ 6,207,128</u>
<u>LIABILITIES AND FUND EQUITY</u>									
Liabilities									
Accounts and vouchers payable	\$ 90,517	\$ 58,464	\$ 16,705	\$ 16,318	\$ 12,693	\$ -	\$ -	\$ -	\$ 194,697
Due to other governmental units	-	-	-	-	-	-	-	22,834	22,834
Due to other funds	263,809	-	-	42,260	2,019	-	140,051	34,902	483,041
Total liabilities	<u>354,326</u>	<u>58,464</u>	<u>16,705</u>	<u>58,578</u>	<u>14,712</u>	<u>-</u>	<u>140,051</u>	<u>57,736</u>	<u>700,572</u>
Fund equity									
Fund balances									
Reserved for mortgages	-	-	-	-	-	-	451,762	635,365	635,365
Restricted	1,470,165	886,545	242,933	132,082	5,290	361,495	-	-	451,762
Unreserved	<u>1,470,165</u>	<u>886,545</u>	<u>242,933</u>	<u>132,082</u>	<u>5,290</u>	<u>361,495</u>	<u>451,762</u>	<u>1,320,919</u>	<u>4,419,429</u>
	<u>\$ 1,824,491</u>	<u>\$ 945,009</u>	<u>\$ 259,638</u>	<u>\$ 190,660</u>	<u>\$ 20,002</u>	<u>\$ 361,495</u>	<u>\$ 591,813</u>	<u>\$ 2,014,020</u>	<u>\$ 6,207,128</u>

See Notes to Financial Statements

LAFAYETTE COUNTY, FLORIDA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2007

Total Fund Balances - Governmental Funds	\$ 5,506,556
Amounts reported for governmental activities in the statement of net assets are different because:	
Funds due to governmental funds from nongovernmental funds are reported as assets in governmental funds	(142,367)
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.	24,314,680
Long-term liabilities are not due and payable in the current period and therefore are not reported in governmental funds	<u>(3,449,059)</u>
Total Net Assets - Governmental Activities	<u><u>\$ 26,229,810</u></u>

LAFAYETTE COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	General Fund	Road and Bridge	Solid Waste Management	Emergency Medical Services	Sheriff	Capital Projects Fund	Debt Service	Other Governmental Funds	Total
REVENUES:									
Charges for services	\$ 222,056	\$ -	\$ 288,235	\$ 93,542	\$ -	\$ -	\$ -	\$ 167,194	\$ 771,027
Taxes	2,122,447	175,456	106,561	176,424	-	-	-	-	2,580,888
Fines and forfeitures	23,416	-	-	-	-	-	-	179,583	202,999
Intergovernmental revenue	1,173,352	3,288,958	180,323	99,000	16,250	626,263	469,662	507,310	6,361,118
Licenses and permits	123,978	-	-	-	-	-	-	-	123,978
Miscellaneous	262,511	88,558	7,277	6,704	1,608	6,409	18,777	154,875	546,719
Total Revenues	<u>3,927,760</u>	<u>3,552,972</u>	<u>582,396</u>	<u>375,670</u>	<u>17,858</u>	<u>632,672</u>	<u>488,439</u>	<u>1,008,962</u>	<u>10,586,729</u>
EXPENDITURES:									
General government	777,560	-	-	-	-	-	-	992,249	1,769,809
Physical environment	159,057	-	527,314	-	-	-	-	-	686,371
Transportation	-	713,983	-	-	-	-	-	-	713,983
Public safety	374,111	-	-	539,926	1,367,649	-	-	101,252	2,382,938
Economic environment	7,933	-	-	-	-	-	-	-	995,748
Human services	139,711	-	-	-	-	-	-	-	139,711
Culture/recreation	238,941	-	-	-	-	-	-	-	238,941
Capital outlay	80,350	2,956,655	10,631	950	35,896	-	-	318,349	3,402,831
Debt service	1,600	84,293	-	-	53,235	-	352,273	-	491,401
Total Expenditures	<u>1,779,263</u>	<u>3,754,931</u>	<u>537,945</u>	<u>540,876</u>	<u>1,456,780</u>	<u>-</u>	<u>352,273</u>	<u>2,399,665</u>	<u>10,821,733</u>
OTHER FINANCING SOURCES (USES)									
Operating transfers in (out)	(2,204,490)	71,362	97,000	210,252	1,414,535	(271,177)	-	682,518	-
Bank note proceeds	-	-	-	-	-	-	-	-	-
Capitalized lease proceeds	-	-	-	-	-	-	-	-	-
	<u>(2,204,490)</u>	<u>71,362</u>	<u>97,000</u>	<u>210,252</u>	<u>1,414,535</u>	<u>(271,177)</u>	<u>-</u>	<u>682,518</u>	<u>-</u>
NET CHANGES IN FUND BALANCE	(55,993)	(130,597)	141,451	45,046	(24,387)	361,495	136,166	(708,185)	(235,004)
FUND BALANCE - OCTOBER 1, 2006	1,526,158	1,017,142	101,482	87,036	29,677	-	315,596	2,664,469	5,741,560
FUND BALANCE - SEPTEMBER 30, 2007	<u>\$ 1,470,165</u>	<u>\$ 886,545</u>	<u>\$ 242,933</u>	<u>\$ 132,082</u>	<u>\$ 5,290</u>	<u>\$ 361,495</u>	<u>\$ 451,762</u>	<u>\$ 1,956,284</u>	<u>\$ 5,506,556</u>

See Notes to Financial Statements

LAFAYETTE COUNTY, FLORIDA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
& CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2007

Net Change in Fund Balance - Governmental Funds	\$ (235,004)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlay, reported as expenditures in governmental funds are shown a capital assets in the Statement of Net Assets	3,402,831
Depreciation expense on governmental capital assets included in the governmental activities in the Statement of Activities	(326,242)
Certain items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds	(59,139)
Repayments of long-term debt reported as expenditure in governmental funds, but as a reduction of long-term liabilities on the Statement of Net Assets	491,401
Long-term debt proceeds are shown as providing current resources in governmental funds but as an increase in long-term liabilities on the Statement of Net Assets	<u>-</u>
Change in Net Assets - Governmental Activities	<u><u>\$ 3,273,847</u></u>

LAFAYETTE COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET ASSETS – AGENCY FUNDS
SEPTEMBER 30, 2007

STATEMENT OF FIDUCIARY NET ASSETS – FIDUCIARY FUNDS

	<u>AGENCY FUNDS</u>
<u>ASSETS</u>	
Investments	\$ 193,226
<u>LIABILITIES</u>	
Deferred compensation	<u>193,226</u>
NET ASSETS	<u><u>\$ -</u></u>

See Notes to Financial Statements

LAFAYETTE COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies as applicable to governmental units, which has been consistently, applied in the preparation of the financial statements of the various funds and account groups follows.

▪ **Reporting Entity**

Lafayette County is a political subdivision of the State of Florida established in accordance with Article VIII of the Constitution of the State of Florida. It is governed by an elected Board of five County Commissioners, which is governed by state statutes and regulations. Additionally, certain functions of county government are operated in a fiduciary capacity by five elected Constitutional Officers. These officers are the Clerk of Circuit Court, Property Appraiser, Sheriff, Supervisor of Elections and Tax Collector. The duties of these individual officers and the laws regulating the operations of their offices are also detailed in the Florida Constitution and Statutes. Pursuant to Section 125.17, Florida Statutes, the Clerk of the Circuit Court of the County serves as clerk and accountant for the Board of County Commissioners. The Board provides the following services as authorized by its charter-general government, public safety, physical environment, transportation, economic environment, human services and culture/recreation.

The County's reporting entity includes the County government and all related organizations for which the County exercises oversight responsibility. These combined financial statements include the individual statements of the Board of County Commissioners, Sheriff, Clerk of the Circuit Court, Tax Collector, Property Appraiser and Supervisor of Elections. There are no other related entities for which the County exercises oversight responsibility. There are no blended component units or discretely presented component units included in the County's financial reporting entity.

The following entities are considered autonomous of the County's operations:

Lafayette Soil and Water Conversation District
District School Board of Lafayette County

Pursuant to the action of the State of Florida Legislature, the operations of the Lafayette County Development Authority and the Lafayette Recreation Board were transformed to the Lafayette County Board of County Commissioners in September, 2002.

The County, along with the governments of Dixie and Gilchrist Counties established the Three Rivers Regional Library System ("Library") through an inter-local agreement. The Library is an organization established for the purpose of providing a regional approach to library services without regard to political or governmental boundaries. The Library is governed by a governing board made up, in part, of a commissioner from each participating county. The County does not have an ongoing financial interest in the Library; however, the County does have an ongoing financial responsibility to the Library.

▪ **Basis of Presentation**

Implementation of New Accounting Principles – Effective October 1, 2003, the County adopted GASB Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. The financial statements were restated for the year ended September 30, 2004 because of the retroactive application of this standard.

Government-wide Financial Statements – Government-wide financial statements, including the statement of net assets and statement of activities, present information about the County as a whole. These statements include the non-fiduciary activity of the County.

LAFAYETTE COUNTY
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Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function of the government entity. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function.

Program revenue includes charges paid by the recipient of the goods or services offered by the program and grant that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified with as program revenue is presented as general revenue. The comparison of direct expenses with program revenue identifies the extent to which each governmental function is self-financing or draws from the general revenue of the County.

The effects of interfund activity have been eliminated from the government-wide financial statements. Fund Financial Statements – Fund financial statements report detailed information about the District in the governmental and fiduciary funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Nonmajor funds are aggregated and reported in a single column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, reconciliation is presented with each of the governmental funds financial statements.

The County reports the following major governmental funds: General Fund, Major Special Revenue Funds, Capital Projects Funds and Debt Service Funds.

▪ **Basis of Accounting**

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

The government-wide financial statements are prepared using the accrual basis of accounting, as are the fiduciary funds financial statements. Revenues are recognized when earned and expenses are when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become 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. The County considers revenues to be available if they are collected within 30 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences which are recognized when due. Allocations of costs, such as depreciation, are not recognized in governmental funds.

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.

▪ **Deposits and Investments**

Cash deposits are held by banks qualified as public depositories under Florida law. All deposits are insured by Federal depository insurance and collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

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Investments consist of amounts placed with the State Board of Administration for participation in the Local Government Surplus Funds Trust Fund investment pool created by Section 218.405, Florida Statutes. The investment pool operates under investment guidelines established by Section 215.47, Florida Statutes. The County's investments in the Local Government Surplus Funds Trust Fund, a Securities and Exchange Commission rule 2a-7-like external investment pool, are reported at amortized cost.

Types and amounts of investments held at fiscal year-end are described in a subsequent note on investments.

▪ **Inventories**

It is the policy of the County to record the acquisition of supplies as expenditures at the time of purchase. The amount of supplies on hand at any one time would be a nominal amount and considered to be immaterial.

▪ **Capital Assets**

Expenditures for capital assets acquired or constructed for general County purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net assets but are not reported in the governmental fund financial statements. Donated assets are recorded at fair value at the date of donation.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	10-40 years
Furniture, Fixtures, and Equipment	5-15 years
Data Processing Equipment	5 years

▪ **Compensated Absences**

The County allows employees to accumulate up to 130 days of available sick leave and various amounts of annual leave depending upon length of employment. Annual leave is expected to be used within the calendar year earned, while sick may be accumulated past the end of the year.

Upon termination of employment, former employees, who completed the 6 months probationary period, receive payment for unused annual leave and 100% of sick leave earned prior to April 12, 1993 and 50% of sick leave earned after that date. Accrued compensated absences for the Constitutional Officers' employees of the County have been included with the Board's liability.

▪ **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from these estimates.

▪ **Encumbrances**

Encumbrance accounting, under which purchase orders, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed.

LAFAYETTE COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE 2 – BUDGETARY COMPLIANCE AND ACCOUNTABILITY

The County follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to July 15, the Clerk submits to the Board a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance.
4. Budgets for the General, Special Revenue, Debt Service and Capital Project Funds are adopted on a basis substantially consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted, or as amended by the County Commission throughout the year except for the amounts reported for debt service funds administered by the State Board of Administration. The State Board of Administration provided these amounts. Appropriations are legally controlled at the function level and unexpended portions lapse at year-end.

NOTE 3 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents at September 30, 2007, consisted of funds maintained in a checking account at two local financial institutions and additional funds deposited in the State Board of Administration of Florida's Local Government Surplus Trust Fund Investment Pool. Each depository qualifies as a "public depository", as required by law (Florida Security for Public Deposits Act Chapter 280, Florida Statutes). All the cash deposits of the County are classified category one risk, which means they are insured or collateralized.

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable at September 30, 2007 consist of the following:

	Solid Waste Management Fund	Emergency Medical Fund	Total
Receivable	\$ 18,278	\$ 214,644	\$ 232,922
Less: Allowance for uncollectible	(4,570)	(161,033)	(165,603)
	\$ 13,708	\$ 53,611	\$ 67,319

NOTE 5 – INVESTMENTS

The investments for the Deferred Compensation Plan of \$193,226 are held and managed by Nationwide Retirement Solution Inc. and are not classified by credit risk since they are invested in mutual funds.

LAFAYETTE COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE 6- MORTGAGES RECEIVABLE

Mortgages receivable represent funds advanced under the State Housing Initiatives Partnership (SHIP) program, where qualified residents of the County are advanced down payments, other closing costs, or rehabilitation expenses when purchasing or constructing personal residences. These mortgages are fully forgiven if the individuals retain this residence for 10 years. If the property is sold or transferred prior to 10 years, a sliding scale based upon years of occupancy is used to determine the remaining liability to the individual, which is immediately due the County. Mortgages receivable at September 30, 2007 amounted to \$635,365.

NOTE 7 -CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below:

	<u>BALANCE</u> <u>10/1/2006</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>9/30/2007</u>
<u>GOVERNMENTAL ACTIVITIES</u>				
Land	\$ 1,293,689	\$ -	\$ 10,000	\$ 1,283,689
Buildings and Improvements	13,504,695	2,563,322	-	16,068,017
Furniture, Fixtures and Equipment	<u>6,804,374</u>	<u>839,509</u>	<u>-</u>	<u>7,643,883</u>
	21,602,758	3,402,831	10,000	24,995,589
Accumulated Depreciation	<u>354,667</u>	<u>326,242</u>	<u>-</u>	<u>680,909</u>
Total Capital Assets - net	<u>\$ 21,248,091</u>	<u>\$ 3,076,589</u>	<u>\$ 10,000</u>	<u>\$ 24,314,680</u>

Depreciation expense amounted to \$326,242 for the year ended September 30, 2007. No prior year depreciation has been included for roads and other infrastructure additions.

NOTE 8 – LONG-TERM DEBT

The following is a summary of long-term debt changes for year ended September 30, 2007:

	<u>Payable at</u> <u>October 1,</u> <u>2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Payable at</u> <u>September 30,</u> <u>2007</u>
Revenue bonds	\$ 2,065,000	\$ -	\$ 235,000	\$ 1,830,000
Landfill closure	1,426,067	-	75,631	1,350,436
Compensated absences	133,573	5,343	-	138,916
Bank promissory notes	125,554	-	59,874	65,680
Capitalized lease obligations	<u>106,250</u>	<u>-</u>	<u>42,223</u>	<u>64,027</u>
Totals	<u>\$ 3,856,444</u>	<u>\$ 5,343</u>	<u>\$ 412,728</u>	<u>\$ 3,449,059</u>

LAFAYETTE COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE 9– RISK MANAGEMENT

The County is exposed to various risk of loss related to torts; thefts of, damage to and destruction of assets; errors or omissions; injuries to employees and/or the public; or damage to property of others. The County purchases insurance to protect itself against these risks. The County's insurance programs include the County's Constitutional Offices.

NOTE 10 – PENSION PLAN

Plan Description – The County contributes to the Florida Retirement System (the "System"), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida, Department of Administration, Division of Retirement. The System provides retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Florida Retirement System, 2639 North Monroe Street, Tallahassee, Florida 32399, or by calling (850)488-5706.

Funding Policy – The System is employee noncontributory. The County is required to contribute at an actuarially determined rate. The rates at September 30, 2007 were as follows: Regular Employees 9.85%; Special Risk Employees 20.92%. Elected County Officials 16.53%. The contribution requirements of plan members and the County are established and may be amended by the Florida Legislature. The County's contributions to the System for year ended September 30, 2007 were \$364,033, equal to the required contribution for the year.

NOTE 11 - DEFERRED COMPENSATION PLAN

Lafayette County offers its employees a National Association of Counties' deferred compensation plan (the plan) created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The plan assets (cash and investments) are recorded at market value and are accounted for in an agency fund in accordance with Governmental Association Standards Board (GASB) Statement No. 32.

Deferred compensation amounts withheld from participating employees' pay are not taxable as current income until withdrawn from the plan.

According to Chapter 112.215, Florida Statutes, the "Government Employees' Deferred Compensation Plan Act," the State Treasurer, with the approval of the State Board of Administration, shall establish such plan or plans of deferred compensation for state employees, including all such investment vehicles or products incident thereto, as may be available through, or offered by, qualified companies or person, and may approve one or more such plans for implementation by and on behalf of the state and its agencies and employees.

In accordance with a plan of deferred compensation which has been approved as herein provided, the state or any agency, county, municipality, or other political subdivision may, by contract or a collective bargaining agreement, agree with any employee to defer all and any portion of that employee's otherwise payable compensation and, pursuant to the terms of such approved plan invest such deferred compensation in savings accounts or use the same to purchase fixed or variable life insurance or annuity contracts, securities, evidence of indebtedness, or such other investment products as may have been approved for the purposes of carrying out the objectives of such plan. Such insurance, annuity, savings, or investment products shall be underwritten and offered in compliance with the applicable federal and state laws and regulations by persons who are duly authorized by applicable state and federal authorities.

All records identifying individual participants in any plan under this section and their personal account activities shall be confidential and are exempt from the provisions of s. 199.07(1).Florida Statutes.

LAFAYETTE COUNTY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE 11 - DEFERRED COMPENSATION PLAN (CONTINUED)

The purchase of any insurance contract for an employee or annuity of the investment in another investment option under any plan of deferred compensation provided for in the United States Internal Revenue Code and not prohibited under the laws of this state for an employee shall impose no liability or responsibility on the state, county, municipality, or other political subdivision, except to show that the payments have been remitted for the purposes for which the compensation has been deferred.

The deferred compensation plan is reported as an agency fund to show that the payments have been remitted for which the compensation has been deferred.

NOTE 12 – LEASE ARRANGEMENTS

The County has entered into the following lease arrangements whereby the County leases some of its property to other entities:

The Lafayette County ASCS Committee leases building space in County owned property for an annual rental of \$19,308, payable in monthly installments of \$1,609.

Lafayette County leases building space in the County owned Industrial Park to 7 tenants for a potential annual rental of \$84,559.

NOTE 13- RECOGNITION OF POST CLOSURE COSTS – LANDFILL

State and Federal laws require final cover and closure of the Lafayette County Central Landfill. The landfill was officially closed September 24, 1996. Past closure monitoring costs for 30 years are estimated by the professional registered engineer engaged by the County and approved by the Florida Department of Environmental Protection to be \$75,631 annually as adjusted August 23, 2001. The total estimated liability for 30 years amounts to \$2,147,280 of which \$796,844 has been incurred as of September 30, 2007 leaving a balance of \$1,350,436 at September 30, 2007. As this liability will not be liquidated with available resources at September 30, 2007, the liability has been accounted for the General long-term Debt Account Group. Cost of monitoring and maintenance will be paid from the Solid Waste Management Fund as incurred.

Because of State and Federal rules changes, as well as changes in inflation and technology, the estimates may change and the estimated liability adjusted.

NOTE 14 – CONTINGENCIES/COMMITMENTS

The Board participates in a number of federally and state assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives.

REQUIRED SUPPLEMENTARY INFORMATION

LAFAYETTE COUNTY, FLORIDA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
REVENUE:				
Taxes:				
Ad valorem taxes	\$ 2,162,980	\$ 2,162,980	\$ 2,083,578	\$ (79,402)
Communications tax	41,023	41,023	38,869	(2,154)
	2,204,003	2,204,003	2,122,447	(81,556)
Licenses and permits:				
Building permits	62,400	62,400	88,933	26,533
Other licenses and permits	26,000	26,000	35,045	9,045
Total licenses and permits	88,400	88,400	123,978	35,578
Intergovernmental:				
State grants				
General governmental				
Mitigation grant	12,500	12,500	4,500	(8,000)
Emergency management	112,500	112,500	113,184	684
Public safety:				
Law enforcement grants	-	-	25,000	25,000
Other state grants	-	-	10,803	10,803
Culture/Recreation:				
Library Grants	12,500	12,500	23,704	11,204
Boat ramps	13,000	13,000	-	(13,000)
Recreation Complex	250,000	250,000	-	(250,000)
State shared revenue:				
Pari-mutual distribution	220,150	220,150	220,150	-
State revenue sharing	130,924	130,924	131,015	91
Insurance agent's county licenses	25,000	25,000	22,598	(2,402)
Mobile home licenses	4,500	4,500	3,738	(762)
Alcoholic beverage licenses	200	200	116	(84)
Local government half-cent sales tax - ordinary	160,743	160,743	131,369	(29,374)
Local government half-cent sales tax - emer.	308,718	308,718	320,204	11,486
Local government half-cent sales tax - suppl.	23,554	23,554	23,275	(279)
License plates	100	100	-	(100)
Medical examiner	2,000	2,000	-	(2,000)
Local revenue:				
Public Safety - Building official	15,475	15,475	20,633	5,158
Public Safety Town of Mayo - Law enforcement	32,000	32,000	42,667	10,667
Payment in lieu of taxes	65,000	65,000	48,659	(16,341)
Soil and water conservation	-	-	31,737	31,737
Total intergovernmental	1,388,864	1,388,864	1,173,352	(215,512)

(continued)

See Notes to Financial Statements

LAFAYETTE COUNTY, FLORIDA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 30, 2007

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
REVENUE: (continued)				
Charges for Services:				
General government charges:				
County Officers' commissions and fees				
Tax Collectors fees	\$ 52,000	\$ 52,000	\$ 62,670	\$ 10,670
Sheriff fees	4,800	4,800	8,051	3,251
Supervisor of Election fees	500	500	-	(500)
Property Appraisers fees	6,000	6,000	5,659	(341)
Court related information system	18,500	18,500	13,176	(5,324)
Room and Board prisoners	122,640	122,640	122,640	-
Recreation department	7,500	7,500	2,785	(4,715)
Civic Center fees	6,000	6,000	7,075	1,075
Total charges for services	217,940	217,940	222,056	4,116
Fines and forfeitures:				
Library fines	1,250	1,250	1,542	292
Other fines	21,500	21,500	21,874	374
Total fines and forfeitures	22,750	22,750	23,416	666
Miscellaneous Revenues:				
Interest earnings	25,000	25,000	52,821	27,821
Rents	19,313	19,313	19,313	-
Impact fees	17,000	17,000	17,100	100
Accounting and bookkeeping	90,000	90,000	69,848	(20,152)
Other miscellaneous revenues	30,000	30,000	64,566	34,566
Sales of equipment and land	2,000	2,000	38,863	36,863
Estimated uncollectible revenue	(214,205)	(214,205)	-	214,205
Total miscellaneous revenues	(30,892)	(30,892)	262,511	293,403
Total revenue	3,891,065	3,891,065	3,927,760	36,695
EXPENDITURES:				
General government services:				
Legislative:				
Personal services	167,282	167,282	149,456	17,826
Operating expenditures	15,000	15,000	12,925	2,075
	182,282	182,282	162,381	19,901
Executive				
Operating expenditures	4,250	4,250	-	4,250
Capital outlay	-	-	-	-
	4,250	4,250	-	4,250

(continued)

See Notes to Financial Statements

LAFAYETTE COUNTY, FLORIDA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
EXPENDITURES: (continued)				
Financial and Administrative:				
Personal services	\$ 11,765	\$ 11,765	\$ -	\$ 11,765
Operating expenditures	68,600	68,600	58,121	10,479
Capital outlay	1,000	1,000	-	1,000
	81,365	81,365	58,121	23,244
Legal counsel				
Personal services	-	-	17,082	(17,082)
Operating expenditures	19,200	19,200	2,467	16,733
	19,200	19,200	19,549	(349)
Comprehensive planning				-
Operating expenditures	20,500	20,500	16,198	4,302
Judicial/Court reporting				-
Personal services	4,860	4,860	3,462	1,398
Operating expenditures	82,312	82,312	58,018	24,294
Capital outlay	6,000	6,000	-	6,000
	93,172	93,172	61,480	31,692
Other general governmental services				
Personal services	337,039	337,039	317,632	19,407
Operating expenditures	93,724	93,724	159,281	(65,557)
Capital outlay	2,500	2,500	807	1,693
	433,263	433,263	477,720	(44,457)
Total general government services	834,032	834,032	778,367	55,665
Public safety:				
Law enforcement				
Capital outlay	2,500	2,500	-	2,500
	2,500	2,500	-	2,500
Fire control				
Personal services	-	-	3,779	(3,779)
Operating expenditures	84,300	84,300	50,839	33,461
Capital outlay	17,500	17,500	34,382	(16,882)
	101,800	101,800	89,000	12,800
Detention and corrections				
Personal services	8,000	8,000	8,778	(778)
Operating expenditures	60,000	60,000	67,504	(7,504)
Capital outlay	5,000	5,000	-	5,000
Debt service	-	-	1,600	(1,600)
	73,000	73,000	77,882	(4,882)
Protective Inspections - Building Inspector:				
Personal services	94,339	94,339	88,773	5,566
Operating expenditures	11,100	11,100	8,844	2,256
Capital outlay	20,000	20,000	21,811	(1,811)
	125,439	125,439	119,428	6,011

(continued)

See Notes to Financial Statements

LAFAYETTE COUNTY, FLORIDA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
EXPENDITURES: (continued)				
Emergency and Disaster Relief:				
Personal services	\$ 80,030	\$ 80,030	\$ 66,201	\$ 13,829
Operating expenditures	65,650	65,650	67,393	(1,743)
Capital outlay	25,000	25,000	23,800	1,200
	170,680	170,680	157,394	13,286
Medical Examiner:				
Operating expenditures	20,800	20,800	12,000	8,800
	20,800	20,800	12,000	8,800
Total public safety	494,219	494,219	455,704	38,515
Physical Environment:				
Solid waste disposal	1,200	1,200	1,149	51
Soil and water conservation				
Personal services	49,261	49,261	48,395	866
Operating expenditures	11,700	11,700	8,064	3,636
	60,961	60,961	56,459	4,502
Conservation and resource management				
Personal services	72,284	72,284	60,593	11,691
Operating expenditures	68,900	68,900	40,856	28,044
	141,184	141,184	101,449	39,735
Total physical environment	203,345	203,345	159,057	44,288
Economic Environment:				
Industry Development:				
Operating expenditures	6,200	6,200	2,642	3,558
Veterans Services				
Personal services	5,039	5,039	4,780	259
Operating expenditures	2,800	2,800	511	2,289
Total economic environment	14,039	14,039	7,933	6,106
Human Services:				
Health services:				
Operating expenditures	48,749	48,749	23,566	25,183
Mental health:				
Operating expenditures	8,400	8,400	8,400	-
Welfare:				
Operating expenditures	91,328	91,328	105,745	(14,417)
Retardation:				
Operating expenditures	2,000	2,000	2,000	-
Total human services	150,477	150,477	139,711	10,766

(continued)

See Notes to Financial Statements

LAFAYETTE COUNTY, FLORIDA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
EXPENDITURES: (continued)				
Culture and Recreation:				
Libraries:				
Personal services	\$ 111,430	\$ 111,430	\$ 113,666	\$ (2,236)
Operating expenditures	42,244	42,244	45,859	(3,615)
Capital outlay	2,000	2,000	807	1,193
	<u>155,674</u>	<u>155,674</u>	<u>160,332</u>	<u>(4,658)</u>
Community Centers:				
Operating expenditures	23,000	23,000	29,879	(6,879)
Capital outlay	11,500	11,500	7,227	4,273
	<u>34,500</u>	<u>34,500</u>	<u>37,106</u>	<u>(2,606)</u>
Parks and Recreations:				
Personal services	3,660	3,660	2,772	888
Operating expenditures	29,500	29,500	15,255	14,245
Capital outlay	219,000	219,000	23,026	195,974
	<u>252,160</u>	<u>252,160</u>	<u>41,053</u>	<u>211,107</u>
Total culture and recreation	<u>442,334</u>	<u>442,334</u>	<u>238,491</u>	<u>203,843</u>
Reserve for contingencies	45,430	45,430	-	45,430
Reserve for cash carry forward	35,000	35,000	-	35,000
	<u>2,218,876</u>	<u>2,218,876</u>	<u>1,779,263</u>	<u>439,613</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	1,672,189	1,672,189	2,148,497	476,308
OTHER FINANCING SOURCES (USES)				
Operating transfer in				
Capital Projects Fund	79,563	178,826	79,563	(99,263)
Criminal Justice Trust Fund	-	-	91	91
Emergency 911	81,763	-	106,982	106,982
Affordable Housing Trust Fund	17,500	-	17,500	17,500
Operating transfer out				
Emergency Medical Services	-	-	(165,000)	(165,000)
Road and Bridge Fund	(125,000)	(125,000)	-	125,000
Solid Waste Management Fund	(97,000)	(97,000)	(97,000)	-
Clerk of the Circuit Court	(95,445)	(95,445)	(95,445)	-
Sheriff	(1,398,289)	(1,398,289)	(1,414,535)	(16,246)
Property Appraiser	(204,664)	(204,664)	(201,220)	3,444
Tax Collector	(257,026)	(257,026)	(251,593)	5,433
Supervisor of Elections	(173,591)	(173,591)	(183,833)	(10,242)
Total other financing sources (uses)	<u>(2,172,189)</u>	<u>(2,172,189)</u>	<u>(2,204,490)</u>	<u>(32,301)</u>
EXCESS OF REVENUE AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(500,000)	(500,000)	(55,993)	444,007
FUND BALANCE - October 1, 2006	500,000	500,000	1,526,158	1,026,158
FUND BALANCE - September 30, 2007	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,470,165</u>	<u>\$ 1,470,165</u>

See Notes to Financial Statements

LAFAYETTE COUNTY, FLORIDA
SPECIAL REVENUE FUND – ROAD & BRIDGE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget- Favorable (Unfavorable)
REVENUES:				
Taxes:				
Local option gas tax	\$ 233,722	\$ 233,722	\$ 175,456	\$ (58,266)
Intergovernmental Revenues				
Small county road assistance program	2,537,308	2,537,308	2,671,121	133,813
Fuel tax refunds	11,000	11,000	12,672	1,672
Motor fuel tax rebate	3,450	3,450	2,648	(802)
Constitutional gas tax	339,801	339,801	351,020	11,219
County gas tax	247,852	247,852	239,345	(8,507)
Ninth cent gas tax	12,267	12,267	12,152	(115)
	<u>3,151,678</u>	<u>3,151,678</u>	<u>3,288,958</u>	<u>137,280</u>
Miscellaneous Revenues				
Estimated uncollectible revenue	(182,427)	(182,427)	-	182,427
Interest on investments	11,500	11,500	66,985	55,485
Sale of equipment	1,000	1,000	20,944	19,944
Other miscellaneous revenues	1,000	1,000	629	(371)
	<u>(168,927)</u>	<u>(168,927)</u>	<u>88,558</u>	<u>257,485</u>
Total revenues	<u>3,216,473</u>	<u>3,216,473</u>	<u>3,552,972</u>	<u>336,499</u>
EXPENDITURES:				
Transportation				
Road and Bridge Operations				
Personal Services	496,979	496,979	410,622	86,357
Operating expenditures	379,522	379,522	303,361	76,161
Capital Outlay:	2,919,735	2,919,735	2,956,655	(36,920)
Debt Service	-	-	84,293	(84,293)
	<u>3,796,236</u>	<u>3,796,236</u>	<u>3,754,931</u>	<u>41,305</u>
Reserve for contingencies	55,237	55,237	-	55,237
Reserve for cash carry forward	45,000	45,000	-	45,000
Total expenditures	<u>3,896,473</u>	<u>3,896,473</u>	<u>3,754,931</u>	<u>141,542</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(680,000)	(680,000)	(201,959)	478,041
OTHER FINANCING SOURCES (USES)				
Transfers in	50,000	50,000	121,362	71,362
Transfers out	(50,000)	(50,000)	(50,000)	-
	<u>-</u>	<u>-</u>	<u>71,362</u>	<u>71,362</u>
EXCESS OF REVENUE AND OTHER SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	(680,000)	(680,000)	(130,597)	549,403
FUND BALANCE - October 1, 2006	680,000	680,000	1,017,142	337,142
FUND BALANCE -September 30, 2007	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 886,545</u>	<u>\$ 886,545</u>

See Notes to Financial Statements

LAFAYETTE COUNTY, FLORIDA
SPECIAL REVENUE FUND – SOLID WASTE MANAGEMENT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES:				
Taxes:				
Special assessments	\$ 105,000	\$ 105,000	\$ 106,561	\$ 1,561
Charges for services:				
Landfill and recycling fees	258,220	258,220	288,235	30,015
Intergovernmental Revenue:				
Small County Grant - 2007	191,176	191,176	180,323	(10,853)
Miscellaneous Revenue:				
Interest on investments	7,000	7,000	7,277	277
Miscellaneous	1,000	1,000	-	(1,000)
Less estimated uncollectible revenue	(32,970)	(32,970)	-	32,970
Total revenues	<u>529,426</u>	<u>529,426</u>	<u>582,396</u>	<u>52,970</u>
EXPENDITURES:				
Physical Environment:				
Sanitary landfill				
Personal services	230,472	230,472	202,239	28,233
Operating expenditures	361,786	361,786	325,075	36,711
Debt Service	-	-	-	-
Capital Outlay	25,000	25,000	10,631	14,369
	<u>617,258</u>	<u>617,258</u>	<u>537,945</u>	<u>79,313</u>
Reserve for cash carry forward	10,000	10,000	-	10,000
Reserve for contingencies	4,168	4,168	-	4,168
Total expenditures	<u>631,426</u>	<u>631,426</u>	<u>537,945</u>	<u>93,481</u>
EXCESS OF REVENUE OVER EXPENDITURES	(102,000)	(102,000)	44,451	(146,451)
OTHER FINANCING SOURCES (USES):				
Operating transfer in	97,000	97,000	97,000	-
EXCESS OF REVENUE AND OTHER SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	(5,000)	(5,000)	141,451	(146,451)
FUND BALANCE - October 1, 2006	5,000	5,000	101,482	104,908
FUND BALANCE - September 30, 2007	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 242,933</u>	<u>\$ 242,933</u>

See Notes to Financial Statements

LAFAYETTE COUNTY, FLORIDA
SPECIAL REVENUE FUND – EMERGENCY MEDICAL SERVICES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES:				
Taxes				
Special assessments	\$ 170,404	\$ 170,404	\$ 176,424	\$ 6,020
Intergovernmental Revenue				
EMS grant	-	-	99,000	99,000
Charges for services				
Service fees	134,000	134,000	93,542	(40,458)
Miscellaneous				
Interest	4,500	4,500	6,425	1,925
Other miscellaneous	1,000	1,000	279	(721)
Estimated uncollectible revenue	(23,745)	(23,745)	-	23,745
Total revenues	286,159	286,159	375,670	89,511
EXPENDITURES:				
Public safety:				
Personal services	419,730	419,730	431,399	(11,669)
Operating expenditures	92,991	92,991	108,527	15,536
Capital outlay	40,000	40,000	950	39,050
	552,721	552,721	540,876	42,917
Reserve for cash carry forward	500	500	-	500
Reserve for contingencies	438	438	-	438
	553,659	553,659	540,876	12,783
OTHER FINANCIAL SOURCES (USES)				
Operating transfer in	165,000	165,000	210,252	(45,252)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES				
	(102,500)	(102,500)	45,046	31,476
FUND BALANCE (DEFICIT) -				
October 1, 2006	102,500	102,500	87,036	(15,464)
FUND BALANCE (DEFICIT) -				
September 30, 2007	\$ -	\$ -	\$ 132,082	\$ 132,082

See Notes to Financial Statements

LAFAYETTE COUNTY, FLORIDA
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES:				
Intergovernmental revenue				
Fiscally constrained distribution	\$ 703,886	\$ 703,886	\$ 626,263	\$ (77,623)
Miscellaneous revenue				
Less uncollectible revenue	(35,419)	(35,419)	-	-
Interest	4,500	4,500	6,409	1,909
Total revenues	672,967	672,967	632,672	(75,714)
EXPENDITURES:				
Construction	400,000	400,000	-	400,000
Reserve for contingencies	192,967	192,967	-	192,967
	592,967	592,967	-	592,967
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	80,000	80,000	632,672	552,672
OTHER FINANCING SOURCES (USES)				
Operating transfer in (out)	(240,000)	(240,000)	(271,177)	(31,177)
EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING (USES)	(160,000)	(160,000)	361,495	521,495
Fund balance - October 1, 2006	-	-	-	-
Fund balance - September 30, 2007	\$(160,000)	\$(160,000)	\$361,495	\$ 521,495

See Notes to Financial Statements

LAFAYETTE COUNTY, FLORIDA
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
REVENUE:				
Intergovernmental Revenue:				
Constitutional gas tax	\$ 200,000	\$ 200,000	\$ 199,649	\$ (351)
Local infrastructure surtax	249,085	249,085	270,013	20,928
Less uncollectible revenue	<u>(22,779)</u>	<u>(22,779)</u>	<u>-</u>	<u>22,779</u>
Total intergovernmental revenues	426,306	426,306	469,662	43,356
Miscellaneous Revenue:				
Interest	6,500	6,500	18,777	12,277
	<u>432,806</u>	<u>432,806</u>	<u>488,439</u>	<u>55,633</u>
EXPENDITURES:				
Debt service				
Principal	235,000	235,000	235,000	-
Interest	91,922	91,922	114,273	(22,351)
Other fees	2,500	2,500	3,000	(500)
Reserve for contingencies	<u>232,384</u>	<u>232,384</u>	<u>-</u>	<u>232,384</u>
Total expenditures	<u>561,806</u>	<u>561,806</u>	<u>352,273</u>	<u>209,533</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(129,000)	(129,000)	136,166	265,166
OTHER FINANCING SOURCES (USES)				
Operating transfer (in)	-	-	-	-
Operating transfer (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	-	-	-	-
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(129,000)	(129,000)	136,166	265,166
Fund balance - October 1, 2006	<u>129,000</u>	<u>129,000</u>	<u>315,596</u>	<u>186,596</u>
Fund balance - September 30, 2007	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 451,762</u>	<u>\$ 451,762</u>

See Notes to Financial Statements

LAFAYETTE COUNTY, FLORIDA
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2007

<u>ASSETS</u>	Clerk of the Circuit Court	Property Appraiser	Tax Collector	Supervisor of Elections	Criminal Justice Trust Fund	Affordable Housing Trust Fund	Criminal Justice Education Fund	Grants Fund	Development Authority	Total
Cash	\$ 78,222	\$ -	\$ 4,842	\$ 8,733	\$ 15,064	\$ 577,882	\$ 2,503	\$ 468,442	\$ 159,438	\$ 1,315,126
Mortgages receivable	-	-	-	-	-	635,365	-	-	-	635,365
Due from other funds	-	-	-	-	-	-	3,092	14,657	45,780	63,529
	<u>\$ 78,222</u>	<u>\$ -</u>	<u>\$ 4,842</u>	<u>\$ 8,733</u>	<u>\$ 15,064</u>	<u>\$ 1,213,247</u>	<u>\$ 5,595</u>	<u>\$ 483,099</u>	<u>\$ 205,218</u>	<u>\$ 2,014,020</u>
<u>LIABILITIES AND FUND EQUITY</u>										
Liabilities										
Due to other funds	\$ 12,210	\$ -	\$ 4,842	\$ 2,786	\$ 15,064	\$ -	\$ -	\$ -	\$ -	\$ 34,902
Due to other governmental units	22,834	-	-	-	-	-	-	-	-	22,834
	35,044	-	4,842	2,786	15,064	-	-	-	-	57,736
Fund equity										
Fund balances:										
Reserved for mortgages	-	-	-	-	-	635,365	-	-	-	635,365
Unreserved	43,178	-	-	5,947	-	577,882	5,595	483,099	205,218	1,320,919
	<u>43,178</u>	<u>-</u>	<u>-</u>	<u>5,947</u>	<u>-</u>	<u>1,213,247</u>	<u>5,595</u>	<u>483,099</u>	<u>205,218</u>	<u>1,956,284</u>
	<u>\$ 78,222</u>	<u>\$ -</u>	<u>\$ 4,842</u>	<u>\$ 8,733</u>	<u>\$ 15,064</u>	<u>\$ 1,213,247</u>	<u>\$ 5,595</u>	<u>\$ 483,099</u>	<u>\$ 205,218</u>	<u>\$ 2,014,020</u>

See Notes to Financial Statements

LAFAYETTE COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2007

	Clerk of the Court	Property Appraiser	Tax Collector	Supervisor of Elections	Criminal Justice Trust Fund	Affordable Housing Trust Fund	Criminal Justice Education Fund	Grants Fund	Development Authority	Total
REVENUE:										
Charges for services	\$ 78,003	\$ 7,415	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 81,776	\$ -	\$ 167,194
Taxes	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	168,613	-	-	-	-	-	2,085	8,885	-	179,583
Intergovernmental revenue	82,310	-	-	-	-	350,000	-	60,000	15,000	507,310
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Miscellaneous	1,986	-	1,252	-	91	66,254	118	84,838	336	154,875
Total Revenue	330,912	7,415	1,252	-	91	416,254	2,203	235,499	15,336	1,008,962
EXPENDITURES:										
General government										
Personal services	353,343	181,764	182,491	118,987	-	-	-	-	-	836,585
Operating expenditures	54,032	26,871	23,089	51,672	-	-	-	-	-	155,664
Capital outlay	27,983	-	47,265	12,646	-	-	-	-	-	87,894
	435,358	208,635	252,845	183,305	-	-	-	-	-	1,080,143
Physical environment										
Personal services	-	-	-	-	-	-	-	-	-	-
Operating expenditures	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Transportation										
Personal services	-	-	-	-	-	-	-	-	-	-
Operating expenditures	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Public safety										
Personal services	-	-	-	-	-	-	-	-	-	-
Operating expenditures	-	-	-	-	-	-	7,006	94,246	-	101,252
Capital outlay	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	7,006	94,246	-	101,252

See Notes to Financial Statements

LAFAYETTE COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2007

	Clerk of the Court	Property Appraiser	Tax Collector	Supervisor of Elections	Criminal Justice Trust Fund	Affordable Housing Trust Fund	Criminal Justice Education Fund	Grants Fund	Development Authority	Total
EXPENDITURES: (continued)										
Economic environment										
Operating expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 964,571	\$ -	\$ 23,244	\$ -	\$ 987,815
Capital Outlay	-	-	-	-	-	-	-	230,455	-	230,455
	-	-	-	-	-	964,571	-	253,699	-	1,218,270
Total expenditures	<u>435,358</u>	<u>208,635</u>	<u>252,845</u>	<u>183,305</u>	<u>-</u>	<u>964,571</u>	<u>7,006</u>	<u>347,945</u>	<u>-</u>	<u>2,399,665</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(104,446)	(201,220)	(251,593)	(183,305)	91	(548,317)	(4,803)	(112,446)	15,336	(1,390,703)
OTHER FINANCING SOURCES (USES)										
Bank Note Proceeds	-	-	-	-	-	-	-	-	-	-
Capitalized lease proceeds	-	-	-	-	-	-	-	-	-	-
Operating transfers in	95,445	201,220	251,593	183,833	-	-	-	85,673	-	817,764
Operating transfers out	-	-	-	-	(91)	(17,500)	-	(117,655)	-	(135,246)
	<u>95,445</u>	<u>201,220</u>	<u>251,593</u>	<u>183,833</u>	<u>(91)</u>	<u>(17,500)</u>	<u>-</u>	<u>(31,982)</u>	<u>-</u>	<u>682,518</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(9,001)	-	-	528	-	(565,817)	(4,803)	(144,428)	15,336	(708,185)
FUND BALANCE - BEGINNING	<u>52,179</u>	<u>-</u>	<u>-</u>	<u>5,419</u>	<u>-</u>	<u>1,779,064</u>	<u>10,398</u>	<u>627,527</u>	<u>189,882</u>	<u>2,664,469</u>
FUND BALANCE - ENDING	<u>\$ 43,178</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,947</u>	<u>\$ -</u>	<u>\$ 1,213,247</u>	<u>\$ 5,595</u>	<u>\$ 483,099</u>	<u>\$ 205,218</u>	<u>\$ 1,956,284</u>

See Notes to Financial Statements

LAFAYETTE COUNTY, FLORIDA
SCHEDULE OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2007

<u>FEDERAL/STATE AGENCY</u>	<u>CFDA/CFSA NUMBER</u>	<u>CONTRACT/GRANT NUMBER</u>	<u>EXPENDITURES</u>
FEDERAL AGENCY:			
<u>U.S. Department of Justice</u>			
<u>Passed through the State Department of Law Enforcement</u>			
JAG Direct Grant - Multi-Jurisdictional Taskforce		2007-JAGC-LAFA-1-P3-133	\$ 25,000
<u>U.S. Homeland Security</u>			
<u>Passed through the Department of Community Affairs</u>			
Preparedness and Assistance Program	97.067	07-BG-04-03-44-01-266	102,960
Emergency Management Performance	97.042	07-BG-04-03-44-01-266	11,098
Homeland Security Planning	97.004	05-2N-03-44-01-410	4,500
Total Federal Agencies			<u>\$ 143,558</u>
STATE AGENCIES:			
<u>Department of Environmental Protection</u>			
Small County Solid Waste Grant	37.012	SC0620	\$ 180,323
<u>Department of State</u>			
Library Assistance Grant	45.030	07-ST-78	23,704
<u>Department of Health</u>			
EMS Grant Program		R6016	99,000
<u>Department of Revenue</u>			
CSE Cooperative Agreement		CC334	15,381
<u>Department of Management Services</u>			
Wireless 911 Emergency Telephone System	72.001		60,000
<u>Department of Transportation</u>			
Small County Outreach and Road Assistance Program		406814-4-58-01	2,563,322
<u>Department of Agricultural and Consumer Services</u>			
Urban and Community Forestry Grant Program		05H81	4,642
Total State Agencies			<u>\$ 2,946,372</u>
Total Federal and State Agencies			<u>\$ 3,089,930</u>

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Board of County Commissioners
Lafayette County, Florida

I have audited the financial statements of Lafayette County, Florida as of and for the fiscal year ended September 30, 2007 and have issued my report thereon dated June 27, 2008.

I conducted my audit in accordance with generally accepted auditing 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. Additionally, my audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter. I have issued my Independent Auditor's Report on Compliance and on 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 dated June 27, 2008. Disclosure in those reports and schedule, if any, should be considered in conjunction with this management letter.

The Rules of the Auditor General (Section 10.554 (1)(g)1a.) require that I comment as to whether or not irregularities reported in the preceding annual financial audit report have been corrected. There were no irregularities disclosed in the preceding annual report for the year ended September 30, 2006.

The Rules of the Auditor General (Section 10.554 (1)(g)1b.) require that I comment as to 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 not been corrected, and are listed below under the heading Prior Year Recommendations.

PRIOR YEAR RECOMMENDATIONS

Policies and Procedures Manual - The Board's financial and accounting system is extremely complex and difficult to learn. Prior audit have recommended that a Policies and Procedures Manual be developed that documents the accounting system, outlines the responsibilities of the Board's accounting employees, as well as details financial requirements placed upon the County by other governmental agencies. Also, the manual should explain and document operating policies and procedures relating to the data processing system. I again recommend that a Policies and Procedures Manual be developed.

Data Processing Systems - Security Procedures - During the last few years, all offices in the courthouse have had computer systems installed. While the use of computers typically improves the efficiency of most offices, disaster can happen if the information contained in the computers is not adequately protected. To safeguard the data and information contained in these machines, prior audits have recommended that policies and procedures be implemented that require "passwords" be used when logging on the computer to prevent unauthorized use and that "backup" of information contained in the computer is performed regularly. Ideally, this backup should be stored away from the Courthouse. Additionally, anti-virus software should be installed on the computers to prevent corruption of data and programs. I, again, see the need for establishing security procedures relating to the board's data processing system. While progress has been made on this recommendation, I continue to emphasize that continual review be given to data processing security issues.

Accounts Receivable- Emergency Medical Services- The County has seen a significant increase in the outstanding receivables for services rendered by the County's Emergency Medical Services Department. Discussion with personnel indicated that collection consisted only of sending periodic statements. The use of collection agencies had been discontinued. I recommend that the Board continue its review of the accounts receivable system, especially the collection process, with the goal of improving collections and providing funds to the County.

CURRENT AUDIT FINDINGS AND RECOMMENDATIONS

No additional comments or recommendations were noted for the year ended September 30, 2007.

As required by the rules of the Auditor General (Section 10.554 (1)(f)3.), the scope of my audit included a review of the provisions of Section 218.503(1), Florida Statutes, "Determination of Financial Emergency." In connection with my audit, I determined that Lafayette County, Florida is not in a state of financial emergency as a consequence of the conditions described in Section 218.503(1), Florida Statutes.

As required by the Rules of the Auditor General (Section 10.554(1)(f)4.) I determined that the financial information for the Lafayette County, Florida, Board of County Commissioners, for the fiscal year ended September 30, 2007, to be included in the combined Lafayette County financial report filed with the Department of Banking Finance pursuant to Section 218.32, Florida Statutes, is in substantial agreement with the annual financial audit report for the fiscal year ended September 30, 2007.

As required by the Rules of the Auditor General, Section 10.554(1)(i)5, Florida Statutes, based on professional judgment, the reporting of the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred, and would have an immaterial effect on the financial statements; (2) improper expenditures or illegal acts that would have an immaterial effect on the financial statements; and (3) control deficiencies that are not significant deficiencies, including, but not limited to; (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. My audit disclosed no matters required to be disclosed by Rules of the Auditor General (Section 10.554(1)(i)5).

The Rules of the Auditor General (Section 10.554(1)(f)10.) also require that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. This information was disclosed in the notes to the financial statements. Lafayette County, Florida was established by the Constitution of the State of Florida, Article VIII. Lafayette County, Florida has no component units not reported in the financial statements.

Lafayette County, Florida has complied with Section 218.415, Florida Statutes, regarding the investment of public funds.

Financial condition assessment procedures pursuant to Auditor General (Section 10.556(8) and Section 10.544 (1)(g)6.c) were applied using the benchmarks recommended by the Auditor General. It is management responsibility to monitor the entity's financial condition, and my financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

As required by Rules of the Auditor General, the scope of our audit included a determination of the Lafayette County's financial emergency status as defined in Section 218.503(1), Florida Statutes. In connection with my audit, I determined that Lafayette County, Florida did not meet any of the conditions described in Section 218.503 (1), Florida Statutes.

This management letter is intended for the information of the Lafayette County, Florida, Board of County Commissioners and management, and the State of Florida Office of the Auditor General. However, this report is a matter of public record and its distribution is not limited.

James E. Davis
Certified Public Accountant

June 27, 2008

MANAGEMENT ASSERTION REPORT

As Chairperson of the Lafayette County Board of county Commissioners, I assert that Lafayette County, Florida complied with allowable cost requirements of the grants and aids appropriations identified on the audited Schedule of Federal and State Financial Assistance during the fiscal year ended September 30, 2007.

Chairperson

RESPONSE OF BOARD OF COUNTY COMMISSIONERS

We have reviewed our auditor's comments and recommendations made in the management letter and will continue to act upon the recommendations as time and resources permit. We are a small county with limited staff; however, we feel we have made significant strides over the past several years, as noted by our auditor. The review of accounts receivable collection system will be a priority during the upcoming year.

**INDEPENDENT AUDITORS' REPORT ON EXAMINATION OF MANAGEMENT'S
ASSERTION ABOUT COMPLIANCE WITH SPECIFIED REQUIREMENTS**

Board of County Commissioners
Lafayette County
Mayo, Florida

I have examined management's assertion about Lafayette County, Florida compliance with the allowable cost requirements established in the grant agreements to the State grants and aids appropriation identified on the Schedule of Federal and State Financial Assistance for the year ended September 30, 2007 included in the accompanying Management Assertion Report. Management is responsible for Lafayette County, Florida's compliance with those requirements. My responsibility is to express an opinion on management's assertions about Lafayette County, Florida's compliance based on my examination.

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

In my opinion, management's assertions that Lafayette County, Florida complied with the aforementioned requirements during fiscal year ended September 30, 2007, is fairly stated, in all material respects.

James E. Davis
Certified Public Accountant

June 27, 2008

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE
GENERAL-PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Board of County Commissioners
Lafayette County
Mayo, Florida

I have audited the general-purpose statements of Lafayette County, Florida as of and for the year ended September 30, 2007, and have issued my report thereon dated June 27, 2008. I conducted my audit in accordance with United States generally accepted auditing standards and the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; OMB Circular A-133, Audits of States, Local Governments, and Non-profit Organizations; and Chapter 10.550, Rules of the Auditor General,

Compliance

As part of obtaining reasonable assurance about whether Lafayette County, Florida's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulation, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Lafayette County, Florida's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

However, I noted other matters involving the internal control over financial reporting and other financial management concerns that I have reported to the management of Lafayette County, Florida in a separate management letter dated June 27, 2008

This report is intended for the information of the Lafayette County Board of County Commissioners, management, and the Auditor General of the State of Florida. However, this report is matter of public report and its distribution is not limited.

James E. Davis
Certified Public Accountant

June 27, 2008

**ADDITIONAL REPORTS PREPARED IN ACCORDANCE
WITH THE PROVISIONS OF THE OFFICE OF MANAGEMENT
AND BUDGET (OMB) CIRCULAR A-133 AND
THE RULES OF THE AUDITOR GENERAL
OF THE STATE OF FLORIDA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS-FEDERAL PROGRAMS AND STATE
PROJECTS**
FISCAL YEAR ENDED SEPTEMBER 30, 2007

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of Lafayette County, Florida.
2. No significant deficiencies were reported in the Independent Auditor's report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of the General Purpose Financial Statements Performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of Lafayette County, Florida were disclosed during the audit.
4. The audit disclosed no significant deficiencies in internal control over the major state project. The significant deficiencies were not considered to be a material weakness.
5. The report on compliance with requirements applicable to the major state project expressed an unqualified opinion.
6. The audit disclosed no findings related to the major state project.
7. The county had one major state project: State of Florida Department of Transportation – Small County Outreach and Road Assistance Program
8. The threshold for distinguishing Type A and Type B project was \$500,000 for major state projects.

B. FINDINGS – FINANCIAL STATEMENTS

See Management Letter for discussion of recommendations resulting from audit of financial statement, Management response follows Management Letter.

C. FINDINGS AND QUESTIONED COSTS – MAJOR STATE PROJECTS

None

D. OTHER ISSUES

1. No Summary Schedule of Prior Audit Findings is required as there were no prior audit findings related to Federal programs or State projects.
2. No Corrective Action Plan is required because there were no findings required to be reported under the Federal or Florida Single Audit Acts.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER COMPLIANCE APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT

Board of County Commissioners
Lafayette County, Florida
Mayo, Florida

COMPLIANCE

I have audited the compliance of Lafayette 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 Florida Departmental Financial Services State Projects Compliance Supplement, that are applicable to each of its major federal programs and state projects for the year ended September 30, 2007. Lafayette County, Florida had no major federal programs and one major state project as identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major state project is the responsibility of Lafayette County's management. My responsibility is to express an opinion on Lafayette County's compliance based on my audit.

I conducted my audit in accordance with United States Generally Accepted Auditing Standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; OMB Circular A-133, Audits of States, Local Governments, and Non-profit Organizations; and Chapter 10.550, Rules of the Auditor General. Those standards, OMB A-133, and Chapter 10.550, Rules of the Auditor General, require that I 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 Lafayette County's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Lafayette County's compliance with those requirements.

INTERNAL CONTROL OVER COMPLIANCE

The management of Lafayette 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 my audit, I considered Lafayette County's internal control over compliance with requirements that could have a direct and material effect on a major federal program and state project to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General.

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

This report is intended solely for the information and use of the audit committee, management, and specific legislative or regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties.

James E. Davis
Certified Public Accountant

June 27, 2008

**LAFAYETTE COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT**

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT**

SEPTEMBER 30, 2007

**LAFAYETTE COUNTY CLERK OF THE CIRCUIT COURT
AUDIT REPORT
SEPTEMBER 30, 2007**

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**JAMES E. DAVIS
CERTIFIED PUBLIC ACCOUNTANT
3848 KILLEARN COURT
TALLAHASSEE, FL 32309
850-224-2087**

INDEPENDENT AUDITOR'S REPORT

Clerk of the Circuit Court
Lafayette County, Florida

I have audited the accompanying general-purpose financial statements of the Clerk of the Circuit Court of Lafayette County, Florida as of September 30, 2007, and for the year then ended as listed in the foregoing table of contents. These general purpose financial statements are the responsibility of the Clerk of the Circuit Court of Lafayette County, Florida's management. My responsibility is to express an opinion on these general-purpose financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Additionally, my audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As discussed in Note 1, the financial statements of the Clerk of the Circuit Court of Lafayette County, Florida are intended to present the financial position and results of operations of only that portion of the financial reporting entity of Lafayette County, Florida that is attributable to the transactions of the Clerk of the Circuit Court of Lafayette County, Florida.

In my opinion the financial statements referred to above present fairly, in all material respects, the financial position of the Clerk of the Circuit Court of Lafayette County, Florida as of September 30, 2007 and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated June 27, 2008 on my consideration of the Clerk of the Circuit Court of Lafayette County, Florida's internal control over financial reporting and my tests of its compliance with certain provision of laws, regulations, contracts and grants.

My audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying financial information listed as schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements of the Clerk of the Circuit Court of Lafayette County, Florida. The information in these schedules has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly stated in all material respects and relation to the general purpose financial statements taken as a whole.

James E. Davis
Certified Public Accountant

June 27, 2008

LAFAYETTE COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
BALANCE SHEET
SEPTEMBER 30, 2007

ASSETS

Cash	\$ 78,222
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LIABILITIES AND FUND EQUITY

Liabilities

Due to other governmental units	\$ 22,834
Due to other funds	12,210
	<u>35,044</u>

Fund equity

Fund Balance	43,178
	<u>\$ 78,222</u>

See Notes to Financial Statements

LAFAYETTE COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE – OPERATING FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2007

Revenues	
Title IV-D child support fees	\$ 15,381
Deficit County Assistance - net of surplus refund	82,310
Clerk's Trust - recording	43,640
Clerk's Trust - courts	168,613
Miscellaneous	101
Modernization Trust fees	18,982
Investment income	<u>1,885</u>
Total revenues	330,912
Expenditures	
Courts	
Personal services	210,551
Operating Expenditures	<u>40,372</u>
Total courts	250,923
Recording	
Personal services	104,381
Operating Expenditures	565
Capital outlay	<u>27,983</u>
Total recording	132,929
Finance	
Personal services	38,411
Operating Expenditures	13,095
Capital outlay	-
Total finance	<u>51,506</u>
Total expenditures	<u>435,358</u>
Other financing sources (uses):	
Appropriations from Board of County Commissioner - net of surplus refund	95,445
Net changes in fund balance	(9,001)
Fund balance - beginning of year	<u>52,179</u>
Fund balance - end of year	<u>\$ 43,178</u>

See Notes to Financial Statements

LAFAYETTE COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
STATEMENT OF FIDUCIARY NET ASSETS – AGENCY FUNDS
SEPTEMBER 30, 2007

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 165,500
Investments	14,856
	<u>180,356</u>
<u>LIABILITIES</u>	
Assets held for others	165,500
Deferred compensation	14,856
	<u>180,356</u>
NET ASSETS	<u><u>\$ -</u></u>

See Notes to Financial Statements

LAFAYETTE COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the financial statements follows.

▪ **Reporting Entity**

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

The Office is an integral part of Lafayette County, the reporting entity for financial reporting purposes. These financial statements reflect only the transactions of the Clerk of Circuit Court of Lafayette County, Florida.

▪ **Basis of Reporting**

The accounts of the Clerk are organized on the basis of funds and accounts groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

▪ **Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All government funds and agency funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

▪ **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from these estimates.

▪ **Budgets**

The office of the Clerk of the Circuit Court operates under the budget procedure pursuant to Chapter 129, Florida Statutes.

▪ **Fixed Assets**

General fixed assets, when purchased, are recorded as expenditures by the purchasing fund. These assets are then capitalized at cost and accounted for in the Board of County Commissioners' general fixed assets group of accounts.

LAFAYETTE COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

▪ Encumbrances

Encumbrance accounting, under which purchase orders, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed.

▪ Compensated Absences

The County allows employees to accumulate up to 130 days of available sick leave and various amounts of annual leave depending upon length of employment. Annual leave is expected to be used within the calendar year earned, while sick may be accumulated past the end of the year.

Upon termination of employment, former employees, who completed the 6 months probationary period, receive payment for unused annual leave and 100% of sick leave earned prior to April 12, 1993 and 50% of sick leave earned after that date. Accrued compensated absences for the Constitutional Officers' employees of the County have been included with the Board's liability.

▪ Investments

Investments in the National Association of Counties' deferred compensation fund are recorded at market value.

The Lafayette County Clerk of Circuit Court's investment practices are governed by Chapter 219.075, Florida Statutes. As such, the Lafayette County Clerk of Circuit Court is authorized to invest in certificates of deposit, obligations of the U.S. Treasury, repurchase agreements collateralized by U.S. Government securities, and the Local Government Surplus Funds Trust Fund (the State Board of Administration).

▪ Risk Management:

The Lafayette County Clerk of Circuit Court is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors or omissions; injuries to employees and/or the public; or damage to property of others. The Lafayette County Board of County Commissioners' insurance programs includes the Lafayette County Clerk of the Circuit Courts.

NOTE 2 – CASH AND INVESTMENTS

▪ Cash deposits

Cash deposits of the Clerk of the Circuit Court are placed at the Lafayette County State Bank in Mayo, Florida and the First Federal Savings Bank in Mayo, Florida. The Lafayette County State Bank and the First Federal Savings Bank qualify as public depositories, as required by law (Florida Security for Public Deposits Act, Chapter 280, Florida Statutes).

LAFAYETTE COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE 2 – CASH AND INVESTMENTS (continued)

Deposits in banks and savings and loan institutions are collateralized as public funds through a state procedure provided for in Chapter 280, Florida Statutes. Financial institutions qualifying as public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily monthly balance of all public deposits times the depository's collateral pledging level. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, Florida Statutes, no public depositor shall be liable for any loss thereof. All of the cash deposits of the Lafayette County Clerk of Circuit Court are placed with qualified financial institutions and are classified as category one credit risk, which means they are insured or collateralized.

▪ **Investments**

The investments of the deferred compensation fund of \$14,856 are held and managed by Nationwide Retirement Solution Inc. and are not classified by credit risk since they are invested in mutual funds.

NOTE 3 – EMPLOYEE BENEFITS

Plan Description - The Clerk of the Circuit Court contributes to the Florida Retirement System (the "System"), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida, Department of Administration, Division of Retirement. The System provides retirement, disability or death benefits to retirees or their designated beneficiaries.

Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of Florida Legislature. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Florida Retirement System, 2639 North Monroe Street, Tallahassee, Florida 32399, or by calling (850) 488-5706.

Funding Policy – The System is employee noncontributory. The Clerk of the Circuit Court is required to contribute at an actuarially determined rate. The rates at September 30, 2007 were as follows: Regular Employees 9.85%; Elected County Officials 16.53%. The contribution requirements of plan members and the Clerk of the Circuit Court are established and may be amended by the Florida Legislature. The Clerk of the Circuit Court's contributions to the System for the year ended September 30, 2007 were \$31,908 equal to the required contribution for the year.

Deferred Compensation Plan

The Lafayette County Clerk of Circuit Court offers its employees a National Association of Counties' deferred compensation plan (the plan) created in accordance with Internal Revenue Code Section 457. The plan, available to all Lafayette County Clerk of Circuit Court employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The plan assets (cash and investments) are recorded at market value and are accounted for in an agency fund in accordance with Governmental Association Standards Board (GASB) Statement No. 32.

Deferred compensation amounts withheld from participating employee's pay are not taxable as current income until withdrawn from the plan.

LAFAYETTE COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE 3 – EMPLOYEE BENEFITS (continued)

According to Chapter 112.215, Florida Statutes, the “Government Employees’ Deferred Compensation Plan Act”, the State Treasurer, with the approval of the State Board of Administration, shall establish such plan or plans of deferred compensation for state employees, including all such investment vehicles or products incident thereto, as may be available through, or offered by, qualified companies or person, and may approve one or more such plans for implementation by and on behalf of the state and its agencies and employees.

In accordance with a plan of deferred compensation which has been approved as herein provided, the state or any state agency, county, municipality, or other political subdivision may, by contract or a collective bargaining agreement, agree with any employee to defer all and any portion of that employee’s otherwise payable compensation and, pursuant to the terms of such approved plan invest such deferred compensation in savings accounts or use the same to purchase fixed or variable life insurance or annuity contracts, securities, evidence of indebtedness, or such other investment products as may have been approved for the purposes of carrying out the objectives of such plan. Such insurance, annuity, savings, or investment products shall be underwritten and offered in compliance with the applicable federal and state laws and regulations by persons who are duly authorized by applicable state and federal authorities.

All records identifying individual participants in any plan under this section and their personal account activities shall be confidential and are exempt from the provisions of Section 119.07(1), Florida Statutes.

The purchase of any insurance contract for an employee or annuity of the investment in another investment option under any plan of deferred compensation provided for in the United States Internal Revenue Code and not prohibited under the laws of this state for an employee shall impose no liability or responsibility on the state, county, municipality, or other political subdivision, except to show that the payments have been remitted for the purposes for which the compensation has been deferred.

The deferred compensation plan is reported as an agency fund to show that the payments have been remitted for which the compensation has been deferred.

SUPPLEMENTAL INFORMATION

LAFAYETTE COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
OPERATING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- With Final Budget- Favorable (Unfavorable)</u>
Revenue				
Charges for services				
Recording fees	\$ 42,000	\$ 42,000	\$ 62,622	\$ 20,622
Title IV-D Child Support Fee	-	-	15,381	15,381
Deficit County Assistance - net	105,144	-	82,310	82,310
Miscellaneous	-	-	101	101
Transfer from Clerk's Trust	165,315	270,459	168,613	(101,846)
Interest Income	-	-	1,885	1,885
Total Revenues	<u>312,459</u>	<u>312,459</u>	<u>330,912</u>	<u>18,453</u>
Expenditures				
General government				
Finance, recording & courts				
Personal services	355,000	355,000	353,343	1,657
Operating expenditures	49,904	49,904	54,032	(4,128)
Capital outlay	3,000	3,000	27,983	(24,983)
Total Expenditures	<u>407,904</u>	<u>407,904</u>	<u>435,358</u>	<u>(27,454)</u>
Excess (Deficiency) of revenue over expenditures	(95,445)	(95,445)	(104,446)	(9,001)
Other financing sources				
Appropriation from Board of County Commissioners - net	<u>95,445</u>	<u>95,445</u>	<u>95,445</u>	<u>-</u>
Excess (Deficiency) of revenue and other sources over expenditures	-	-	(9,001)	(9,001)
Fund Balance - beginning of year	<u>-</u>	<u>-</u>	<u>52,179</u>	<u>(52,179)</u>
Fund Balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,178</u>	<u>\$ 43,178</u>

See Notes to Financial Statements

LAFAYETTE COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
AGENCY FUNDS
COMBINING STATEMENTS OF FIDUCIARY NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
<u>TRUST FUNDS</u>				
<u>ASSETS</u>				
Cash	\$ 126,964	\$ 740,993	\$ 719,528	\$ 148,429
<u>LIABILITIES</u>				
Due to other funds	84,939	255,349	240,989	99,299
Due to other governmental units	42,025	485,644	478,539	49,130
Total liabilities	<u>\$ 126,964</u>	<u>\$ 740,993</u>	<u>\$ 719,528</u>	<u>\$ 148,429</u>
<u>REGISTRY OF COURT FUND</u>				
<u>ASSETS</u>				
Cash	\$ 11,593	\$ 4,199	\$ 3,997	\$ 11,795
<u>LIABILITIES</u>				
Due to other funds	356	202	-	558
Due to other governmental units	11,237	3,997	3,997	11,237
Total liabilities	<u>\$ 11,593</u>	<u>\$ 4,199</u>	<u>\$ 3,997</u>	<u>\$ 11,795</u>
<u>DOMESTIC RELATIONS FUND</u>				
<u>ASSETS</u>				
Cash	\$ 5,579	\$ 4,133	\$ 4,436	\$ 5,276
<u>LIABILITIES</u>				
Due to other funds	5,495	2,133	2,936	4,692
Due to other governmental units	84	2,000	1,500	584
Total liabilities	<u>\$ 5,579</u>	<u>\$ 4,133</u>	<u>\$ 4,436</u>	<u>\$ 5,276</u>
<u>DEFERRED COMPENSATION</u>				
<u>ASSETS</u>				
Cash	\$ 11,455	\$ 3,411	\$ -	\$ 14,866
<u>LIABILITIES</u>				
Deferred compensation	\$ 11,455	\$ 3,411	\$ -	\$ 14,866
<u>TOTAL - ALL AGENCY FUNDS</u>				
<u>ASSETS</u>				
Cash and investments	\$ 155,591	\$ 752,736	\$ 727,961	\$ 180,366
<u>LIABILITIES</u>				
Due to other funds	90,790	257,684	243,925	104,549
Due to other governmental units	53,346	491,641	484,036	60,951
Due to individuals	11,321	11,321	11,321	11,321
Deferred compensation	11,455	3,411	-	14,866
Total liabilities	<u>\$ 166,912</u>	<u>\$ 764,057</u>	<u>\$ 739,282</u>	<u>\$ 191,687</u>

See Notes to Financial Statements

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Clerk of the Circuit Court
Lafayette County, Florida

I have audited the financial statements of the Clerk of the Circuit Court of Lafayette County, Florida as of and for the year ended September 30, 2007, and have issued my report thereon dated June 27, 2008. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Clerk of the Circuit Court of Lafayette County, Florida's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Clerk of the Circuit Court of Lafayette County, Florida's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of the Lafayette County Clerk of the Circuit Court, management, and the State of Florida Office of the Auditor General. However, this report is a matter of public record.

James E. Davis
Certified Public Accountant

June 27, 2008

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Clerk of the Circuit Court
Lafayette County, Florida

I have audited the financial statements of the Lafayette County, Florida, Clerk of the Circuit Court, as of and for the fiscal year ended September 30, 2007 and have issued my report thereon dated June 27, 2008.

I have issued my Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting dated June 27, 2008. Disclosures in those reports, if any, should be considered in conjunction with this management letter.

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

The Rules of the Auditor General (Section 10.554(1)(f)1.) require that I comment as to whether or not irregularities reported in the preceding annual financial audit report have been corrected. There were no irregularities disclosed in the preceding annual financial report for the year ended September 30, 2006.

The Rules of the Auditor General (Section 10.554 (1)(f)2.) require that I comment as to whether or not recommendations made in the preceding annual financial audit report have been followed. There were no recommendations made in the preceding annual financial audit report.

As required by the Rules of the Auditor General (Section 10.554(1)(f)3.), the scope of my audit included a review of the provision of Section 218.503(1), Florida Statutes, "Determination of Financial Emergency." The Clerk of the Circuit Court is not in a state of financial emergency as a consequence of the conditions described in Section 218.503(1), Florida Statutes.

As required by the Rules of the Auditor General (Section 10.554(1)(f)4.), I determined that the financial information for the Lafayette County, Florida, Clerk of the Circuit Court, for the fiscal year ended September 30, 2007, included in the combined Lafayette County financial report filed with the Department of Banking Finance pursuant to Section 218.32, Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2007.

Rules of the Auditor General (Section 10.554(1)(f)5.) require that a statement be included in the management letter as to whether or not the Clerk of the Circuit Court has complied with Section 28.24(15)(d), Florida Statutes, regarding the collection and use of Public Record Modernization Trust Fund monies and, if not, a description of such noncompliance. In connection with my audit, I determined that the Clerk of the Circuit Court complied with Section 28.24 (15)(d), Florida Statutes, regarding the collection and use of Public Record Modernization Trust Fund money.

The Rules of the Auditor General (Section 10.554(1)(f)10.) also require that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter. This information is disclosed in the notes to the financial statements. The Clerk of the Circuit Court has no component units.

The Clerk of the Circuit Court has complied with Section 218.415, Florida Statutes, regarding the investment of public funds.

The Clerk of the Circuit Court has complied with the budget certified by the Florida Clerk of Courts Operations Corporation pursuant to Section 28.35, Florida Statutes and with performance standards developed, also, pursuant to Section 28.35, Florida Statutes.

As required by the Rules of the Auditor General, the scope of my audit included a review of the provisions of Section 10.554(1)(i)4, Florida Statutes, regarding the violations of provisions of contracts and grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential. In connection with my audit, I did not have any such findings.

As required by the Rules of the Auditor General, Section 10.554(1)(i)5, Florida Statutes, based on professional judgment, the reporting of the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred, and would have an immaterial effect on the financial statements; (2) improper expenditures or illegal acts that would have an immaterial effect on the financial statements; and (3) control deficiencies that are not significant deficiencies, including, but not limited to; (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. My audit disclosed no matters required to be disclosed by Rules of the Auditor General (Section 10.554(1)(i)5).

This management letter is intended for the information of the Lafayette County, Florida Clerk of the Circuit Court, and management, and the State of Florida Office of the Auditor General. However, this report is a matter of public record and its distribution is not limited.

James E. Davis
Certified Public Accountant

June 27, 2008

**LAFAYETTE COUNTY, FLORIDA
SHERIFF**

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT**

SEPTEMBER 30, 2007

**LAFAYETTE COUNTY SHERIFF
AUDIT REPORT
SEPTEMBER 30, 2007**

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**JAMES E. DAVIS
CERTIFIED PUBLIC ACCOUNTANT
3848 KILLEARN COURT
TALLAHASSEE, FL 32309
850-224-2087**

INDEPENDENT AUDITOR'S REPORT

Lafayette County Sheriff
Lafayette County, Florida

I have audited the accompanying general-purpose financial statements of the Sheriff of Lafayette County, Florida as of September 30, 2007 and for the year then ended as listed in the foregoing table of contents. These general purpose financial statements are the responsibility of the Sheriff of Lafayette County, Florida's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Additionally, my audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatements. 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 general-purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As discussed in Note 1, the financial statements of the Sheriff of Lafayette County, Florida are intended to present the financial position and results of operations of only that portion of the financial reporting entity of Lafayette County, Florida that is attributable to the transactions of the Sheriff of Lafayette County, Florida.

In my opinion the financial statements referred to above present fairly, in all material respects, the financial position of the Sheriff of Lafayette County, Florida as of September 30, 2007 and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report date June 27, 2008 on my consideration of the Sheriff of Lafayette County, Florida's internal control over financial reporting and my tests of its compliance with certain provision of laws, regulations, contracts and grants.

My audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying financial information listed as schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements of the Sheriff of Lafayette County, Florida. The information in these schedules has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

James E. Davis
Certified Public Accountant

June 27, 2008

LAFAYETTE COUNTY, FLORIDA
SHERIFF
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2007

	Governmental Fund Type		Total (Governmental Funds)
	Operating	Other Special Revenue	
ASSETS			
Cash	\$ 367	\$ 19,635	\$ 20,002
LIABILITIES AND FUND EQUITY			
Liabilities:			
Vouchers payable	\$ 12,693	\$ -	\$ 12,693
Due to other funds	-	2,019	2,019
	12,693	2,019	14,712
Fund Equity:			
Fund Balance	(12,326)	17,616	5,290
	\$ 367	\$ 19,635	\$ 20,002

LAFAYETTE COUNTY, FLORIDA
SHERIFF
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Governmental Fund Type</u>		<u>Total (Governmental Funds)</u>
	<u>Operating</u>	<u>Other Special Revenue</u>	
Revenue			
Lafayette School District	\$ 16,250	\$ -	\$ 16,250
Interest on investments	699	909	1,608
	<u>16,949</u>	<u>909</u>	<u>17,858</u>
Expenditures			
Public safety			
Law enforcement			
Personal services	531,097	-	531,097
Operating expenditures	159,952	-	159,952
Capital outlay	2,164	33,732	35,896
Debt service	-	53,235	53,235
	<u>693,213</u>	<u>86,967</u>	<u>780,180</u>
Corrections and/or detention			
Personal services	442,662	-	442,662
Operating expenditures	132,010	-	132,010
Capital outlay	-	-	-
	<u>574,672</u>	<u>-</u>	<u>574,672</u>
911 Dispatchers			
Personal services	-	101,928	101,928
Total expenditures	<u>1,267,885</u>	<u>188,895</u>	<u>1,456,780</u>
Excess (deficiency) of revenues over expenditures	(1,250,936)	(187,986)	(1,438,922)
Other financing sources			
Proceeds from capital leases	-	-	-
Proceeds from bank notes	-	-	-
Appropriation from Board of County Commissioners-net	1,244,543	-	1,244,543
Operating transfer in (out)	-	169,992	169,992
	<u>1,244,543</u>	<u>169,992</u>	<u>1,414,535</u>
Excess (deficiency) of revenue and other sources over (under) expenditures and other uses	(6,393)	(17,994)	(24,387)
Fund balance (deficit) - beginning of year	<u>(5,933)</u>	<u>35,610</u>	<u>29,677</u>
Fund balance (deficit) - end of year	<u>\$ (12,326)</u>	<u>\$ 17,616</u>	<u>\$ 5,290</u>

See Notes to Financial Statements

LAFAYETTE COUNTY, FLORIDA
SHERIFF
STATEMENT OF FIDUCIARY NET ASSETS – AGENCY FUNDS
SEPTEMBER 30, 2007

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	<u>\$ 2,369</u>
<u>LIABILITIES</u>	
Assets held for others	<u>2,369</u>
NET ASSETS	<u><u>\$ -</u></u>

See Notes to Financial Statements

LAFAYETTE COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the financial statements follows.

▪ **Reporting Entity**

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

The Sheriff is an integral part of Lafayette County, the reporting entity for financial reporting purposes. These financial statements reflect only the transactions of the Sheriff of Lafayette County, Florida.

▪ **Basis of Reporting**

The accounts of the Sheriff are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

▪ **Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All government funds and agency funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

▪ **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from these estimates.

▪ **Budgets**

The office of the Sheriff operated its general fund under the budget procedure pursuant to Chapter 129, Florida Statutes.

▪ **Fixed Assets**

Fixed assets used in Governmental Fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in Governmental Funds. General fixed assets, when purchased, are recorded as expenditures by the purchasing fund. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

LAFAYETTE COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

▪ Encumbrances

Encumbrance accounting, under which purchase orders, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed.

▪ Compensated Absences

The County allows employees to accumulate up to 130 days of available sick leave and various amounts of annual leave depending upon length of employment. Annual leave is expected to be used within the calendar year earned, while sick may be accumulated past the end of the year.

Upon termination of employment, former employees, who completed the 6 months probationary period, receive payment for unused annual leave and 100% of sick leave earned prior to April 12, 1993 and 50% of sick leave earned after that date. Accrued compensated absences for the Constitutional Officers' employees of the County have been included with the Board's liability.

NOTE 2 - DEPOSITS

All bank accounts of the Sheriff are placed at either the Lafayette County State Bank or First Federal Savings Bank in Mayo, Florida. These banks (insured by FDIC) qualify as public depositories, as required by law (Florida Security for Public Deposits Act, Chapter 280, Florida Statutes).

NOTE 3 - FIXED ASSETS

The Sheriff had the following changes in fixed assets for the year ended September 30, 2007:

	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
Furniture and equipment	\$ 594,952	\$ 35,896	\$ -	\$ 630,848

NOTE 4 - PENSION PLAN

Plan Description - The Sheriff contributes to the Florida Retirement System (the "System"), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida, Department of Administration, Division of Retirement. The System provides retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Florida Retirement System, 2639 North Monroe Street, Tallahassee, Florida 32399, or by calling (850)488-5706.

Funding Policy – The System is employee noncontributory. The Sheriff is required to contribute at an actuarially determined rate. The rates at September 30, 2007 were as follows: Regular Employees 9.85%; Elected County Officials 16.53%; Special Risk Employees 20.92%. The contribution requirements of plan members and the Sheriff are established and may be amended by the Florida Legislature. The Sheriff's contributions to the System for year ended September 30, 2007 were \$158,564, equal to the required contribution for the year.

LAFAYETTE COUNTY, FLORIDA
SHERIFF
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE 5 – LONG-TERM DEBT

The following is a summary of long-term debt changes for the year ended September 30, 2007:

	<u>Payable at October 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Payable at September 30, 2007</u>
Capital Lease Obligation	\$ 33,504	\$ -	\$ 12,223	\$ 21,281
Bank Installment Notes	26,799	-	11,671	15,128
	<u>\$ 60,303</u>	<u>\$ -</u>	<u>\$ 23,894</u>	<u>\$ 36,409</u>

SUPPLEMENTAL INFORMATION

LAFAYETTE COUNTY, FLORIDA
SHERIFF OPERATING FUND
SCHEDULE OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Favorable (unfavorable)</u>
Revenues				
Interest income	\$ -	\$ -	\$ 699	\$ 699
Lafayette School District	25,000	25,000	16,250	\$ (8,750)
	<u>25,000</u>	<u>25,000</u>	<u>16,949</u>	<u>(8,051)</u>
Expenditures				
Law enforcement				
Personal services				
Executive salary	83,600	83,600	83,600	-
Regular salary	347,920	347,920	307,659	40,261
FICA and other payroll taxes	33,758	33,758	29,931	3,827
Retirement contribution	80,628	80,628	109,907	(29,279)
Total personal services	<u>545,906</u>	<u>545,906</u>	<u>531,097</u>	<u>14,809</u>
Operating expenditures				
Legal ads and dues	3,100	3,100	3,057	43
Repair and maintenance	8,500	8,500	13,326	(4,826)
Uniforms	1,500	1,500	2,862	(1,362)
Travel and per diem	1,000	1,000	1,255	(255)
Communication services	15,000	15,000	15,806	(806)
Professional services	1,000	1,000	6,951	(5,951)
Postage and shipping	500	500	713	(213)
Insurance	35,866	35,866	37,057	(1,191)
Operating expense	86,460	86,460	75,101	11,359
Office expense	2,000	2,000	3,824	(1,824)
Total operating expenditures	<u>154,926</u>	<u>154,926</u>	<u>159,952</u>	<u>(5,026)</u>
Capital outlay				
Machinery and equipment	500	500	2,164	(1,664)
	<u>701,332</u>	<u>701,332</u>	<u>693,213</u>	<u>8,119</u>
Corrections and/or detention				
Personal services				
Executive salary	15,000	15,000	15,000	-
Regular salary	340,250	340,250	335,931	4,319
FICA and other payroll taxes	28,000	28,000	43,074	(15,074)
Retirement contribution	69,000	69,000	48,657	20,343
Total personal services	<u>452,250</u>	<u>452,250</u>	<u>442,662</u>	<u>9,588</u>
Operating expenditures				
Postage	500	500	407	93
Uniforms	700	700	1,008	(308)
Insurance	13,361	13,361	10,670	2,691
Communications	4,000	4,000	6,793	(2,793)
Utilities	26,280	26,280	27,208	(928)
Professional services - medical	-	-	8,793	(8,793)
Repairs and maintenance	1,500	1,500	2,908	(1,408)
Travel and per diem	2,500	2,500	-	2,500
Other operating expenses	59,500	59,500	70,884	(11,384)
Office expense	4,620	4,620	3,339	1,281
Total operating expenditures	<u>112,961</u>	<u>112,961</u>	<u>132,010</u>	<u>(19,049)</u>
Capital outlay				
Machinery and equipment	3,000	3,000	-	3,000
	<u>568,211</u>	<u>568,211</u>	<u>574,672</u>	<u>(6,461)</u>
Total expenditures	<u>1,269,543</u>	<u>1,269,543</u>	<u>1,267,885</u>	<u>1,658</u>

See Notes to Financial Statements

LAFAYETTE COUNTY, FLORIDA
SHERIFF OPERATING FUND
SCHEDULE OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL - continued
FOR THE YEAR ENDED SEPTEMBER 30, 2007

Excess (Deficiency) of revenue and other sources over expenditures	(1,244,543)	(1,244,543)	(1,250,936)	(6,393)
Other financing sources:				
Appropriation from Board of County Commissioners - net	1,244,543	1,244,543	1,244,543	-
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>(5,933)</u>	<u>5,933</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12,326)</u>	<u>\$ (6,393)</u>

See Notes to Financial Statements

LAFAYETTE COUNTY, FLORIDA
SHERIFF
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

<u>INDIVIDUAL AND OTHER SUSPENSE FUND</u>	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<u>Assets</u>				
Cash	\$ 601	\$ 20,552	\$ 20,528	\$ 625
<u>Liabilities</u>				
Deposits	\$ 601	\$ 20,552	\$ 20,528	\$ 625
 <u>PRISONER WELFARE FUND</u>				
<u>Assets</u>				
Cash	\$ 7,051	\$ 4,360	\$ 9,667	\$ 1,744
<u>Liabilities</u>				
Deposits	\$ 7,051	\$ 4,360	\$ 9,667	\$ 1,744
 <u>IE ACCOUNT</u>				
<u>Assets</u>				
Cash	\$ 721	\$ -	\$ 721	\$ -
<u>Liabilities</u>				
Due to other funds	\$ 721	\$ -	\$ 721	\$ -
 <u>TOTAL - ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash	\$ 8,373	\$ 24,912	\$ 30,916	\$ 2,369
<u>Liabilities</u>				
Deposits	\$ 8,373	\$ 24,912	\$ 30,916	\$ 2,369

See Notes to Financial Statements

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Sheriff
Lafayette County, Florida

I have audited the financial statements of the Sheriff of Lafayette County, Florida as of and for the year ended September 30, 2007, and have issued my report thereon dated June 27, 2008. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Sheriff of Lafayette County, Florida's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Sheriff of Lafayette County, Florida's internal control over financial reporting in order to determine my auditing procedures for the purposes of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be significant deficiencies. Significant deficiencies involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the Sheriff of Lafayette County, Florida's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Significant deficiencies are described below.

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 misstatement 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. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, I believe that the significant deficiencies described below are material weaknesses.

Segregation of Duties

Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. Consequently, the possibility exists that unintentional errors or irregularities could exist and not be promptly detected. My audit did not reveal any significant errors or irregularities resulting from this lack of separation of employees' duties and responsibilities. However, I do feel it is important that you are made aware of this condition.

Financial Reporting

The Sheriff's Office using an accounting software package to account for its law enforcement and corrections operations; however, the accounting for the other funds is maintained elsewhere. I recommend that all funds be accounted for using the above mentioned software program in order to provide better accountability and that monthly financial reports be produced for all funds using the capability of the software.

This report is intended for the information of the Sheriff of Lafayette County, Florida, management, and the State of Florida Office of the Auditor General. However, this report is a matter of public record and its distribution is not limited.

James E. Davis
Certified Public Accountant

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Office of the Sheriff
Lafayette County, Florida

I have audited the financial statement of the Lafayette County, Florida, Office of the Sheriff, as of and for the fiscal year ended September 30, 2007, and have issued our report thereon dated June 27, 2008.

I have issued my Independent Auditor's Report On Compliance and on Internal Control Over Financial Reporting dated June 27, 2008. Disclosures in those reports, if any, should be considered in conjunction with this management letter.

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

The Rules of the Auditor General (Section 10.554(1)(f)1.) require that I comment as to whether or not irregularities reported in the preceding annual financial audit report have been corrected. There were no irregularities disclosed in the preceding annual financial audit report for the year ended September 30, 2006.

The Rules of the Auditor General (Section 10.554 (1)(f)2.) require that I comment as to whether or not recommendations made in the preceding annual financial audit report have been followed. The Sheriff's Office has made progress on my recommendation regarding financial reporting on page 13.

As required by the Rules of the Auditor General (Section 10.554(1)(f)3.), the scope of my audit included a review of the provision of Section 218.503(1), Florida Statutes, "Determination of Financial Emergency". The Office of Sheriff is not in a state of financial emergency as a consequence of the conditions described in Section 218.503(1), Florida Statutes.

As required by the Rules of the Auditor General (Section 10.554(1)(f)4.), I determined that the financial information for the Lafayette County, Florida, Office of Sheriff, for the fiscal year ended September 30, 2007, included in the combined Lafayette County financial report filed with the Department of Banking Finance pursuant to Section 218.32, Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2006.

The Rules of the Auditor General (Section 10.554(1)(f)10.) also require that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter. This information is disclosed in the notes to the financial statements. The Office of the Sheriff has no component units.

The Office of Sheriff has complied with Section 218.415, Florida Statutes, regarding the investment of public funds.

As required by the Rules of the Auditor General, the scope of my audit included a review of the provisions of Section 10.554(1)(i)4, Florida Statutes, regarding the violations of provisions of contracts and grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential. In connection with my audit, I did not have any such findings.

As required by the Rules of the Auditor General, Section 10.554(1)(i)5, Florida Statutes, based on professional judgment, the reporting of the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred, and would have an immaterial effect on the financial statements; (2) improper expenditures or illegal acts that would have an immaterial effect on the financial statements; and (3) control deficiencies that are not significant deficiencies, including, but not limited to; (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. My audit disclosed no matters required to be disclosed by Rules of the Auditor General (Section 10.554(1)(i)5).

This management letter is intended for the information of the Lafayette County, Florida, Office of Sheriff, and management, and the State of Florida Office of the Auditor General. However, this report is a matter of public record and its distribution is not limited.

James E. Davis
Certified Public Accountant

June 27, 2008

**LAFAYETTE COUNTY, FLORIDA
TAX COLLECTOR**

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT**

SEPTEMBER 30, 2007

**LAFAYETTE COUNTY TAX COLLECTOR
AUDIT REPORT
SEPTEMBER 30, 2007**

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**JAMES E. DAVIS
CERTIFIED PUBLIC ACCOUNTANT
3848 KILLEARN COURT
TALLAHASSEE, FL 32309
850-224-2087**

INDEPENDENT AUDITOR'S REPORT

Lafayette County Tax Collector
Lafayette County, Florida

I have audited the accompanying general-purpose financial statements of the Tax Collector of Lafayette County, Florida as of September 30, 2007, and for the year then ended as listed in the foregoing table of contents. These general purpose financial statements are the responsibility of the Tax Collector of Lafayette County, Florida's management. My responsibility is to express an opinion on these general-purpose financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States. Additionally, my audit was conducted in accordance with the provisions of Chapter 10.500, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As discussed in Note 1, the financial statements of the Tax Collector of Lafayette County, Florida are intended to present the financial position and results of operations of only that portion of the financial reporting entity of Lafayette County, Florida that is attributable to the transactions of the Tax Collector of Lafayette County, Florida.

In my opinion the financial statements referred to above present fairly, in all material respects, the financial position of the Tax Collector of Lafayette County, Florida as of September 30, 2007 and the results of its operations for the year ended in conformity with generally accepted accounting principles.

In accordance with Governmental Auditing Standards, I have also issued my report dated June 27, 2008 on my consideration of the Tax Collector of Lafayette County, Florida's internal control over financial reporting and my tests of its compliance with certain provision of laws, regulations and contracts.

My audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying financial information listed as schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements of the Tax Collector of Lafayette County, Florida. The information in these schedules has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

James E. Davis
Certified Public Accountant

June 27, 2008

LAFAYETTE COUNTY, FLORIDA
TAX COLLECTOR
BALANCE SHEET
SEPTEMBER 30, 2007

	<u>Governmental Fund - Operating Fund</u>
 <u>ASSETS</u>	
Cash	\$ 4,842
 <u>LIABILITIES</u>	
Due to other funds	\$ 4,842

LAFAYETTE COUNTY, FLORIDA
TAX COLLECTOR
OPERATING FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2007

Revenues	<u>\$ 1,252</u>
Expenditures	
Public safety	
General government	
Personal services	
Executive salary	91,452
Regular salary	58,660
FICA taxes	11,484
Retirement contribution	<u>20,895</u>
Total personal services	<u>182,491</u>
Operating expenditures	
Travel and per diem	594
Communication services	1,771
Postage	5,134
E D P Service	7,055
Office supplies and other	5,353
Education and dues	<u>3,182</u>
Total operating expenditures	<u>23,089</u>
Capital outlay	
Machinery and equipment	<u>47,265</u>
Total capital outlay	<u>47,265</u>
Total expenditures	252,845
Other financing sources (uses):	
Appropriations from Board of County Commissioners - net	<u>251,593</u>
Net changes in fund balance	-
Fund balance - beginning of year	<u>-</u>
Fund balance - end of year	<u><u>\$ -</u></u>

See Notes to Financial Statements

LAFAYETTE COUNTY, FLORIDA
TAX COLLECTOR
STATEMENT OF FIDUCIARY NET ASSETS – AGENCY FUND
SEPTEMBER 30, 2007

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	<u>\$ 30,759</u>
<u>LIABILITIES</u>	
Assets Held for Others	<u>30,759</u>
NET ASSETS	<u><u>\$ -</u></u>

See Notes to Financial Statements

LAFAYETTE COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the financial statements follows.

▪ **Reporting Entity**

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

The Office is an integral part of Lafayette County, the reporting entity for financial reporting purposes. These financial statements reflect only the transactions of the Tax Collector of Lafayette County, Florida.

▪ **Basis of Reporting**

The accounts of the Tax Collector are organized on the basis of funds and accounts groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

▪ **Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All government funds and agency funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

▪ **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from these estimates.

▪ **Budgets**

The office of the Tax Collector operates its general fund under the budget procedure pursuant to Section 195.087, Florida Statutes.

▪ **Fixed Assets**

General fixed assets, when purchased, are recorded as expenditures by the purchasing fund. These assets are then capitalized at cost and accounted for in the Board of County Commissioners' general fixed assets group of accounts.

▪ **Encumbrances**

Encumbrance accounting, under which purchase orders, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed.

LAFAYETTE COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

▪ **Compensated Absences**

The County allows employees to accumulate up to 130 days of available sick leave and various amounts of annual leave depending upon length of employment. Annual leave is expected to be used within the calendar year earned, while sick may be accumulated past the end of the year.

Upon termination of employment, former employees, who completed the 6 months probationary period, receive payment for unused annual leave and 100% of sick leave earned prior to April 12, 1993 and 50% of sick leave earned after that date. Accrued compensated absences for the Constitutional Officers' employees of the County have been included with the Board's liability.

▪ **Risk Management**

The Lafayette County Tax Collector is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors or omissions; injuries to employees and/or the public; or damage to property of others. The Lafayette County Board of County Commissioners' insurance programs include the Lafayette County Tax Collector.

NOTE 2 - DEPOSITS

All bank accounts of the Tax Collector are placed at the Lafayette County State Bank (insured by FDIC) in Mayo, Florida. The Lafayette County State Bank qualifies as a public depository, as required by law (Florida Security for Public Deposits Act, Chapter 280, Florida Statutes).

NOTE 3 - PENSION PLAN

Plan Description – The Tax Collector contributes to the Florida retirement System (the "System"), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida, Department of Administration, and Division of Retirement. The System provides retirement, disability or death benefits to retirees or their designated beneficiaries.

Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Florida Retirement System, 2639 North Monroe Street, Tallahassee, Florida 32399, or by calling (850) 488-5706.

Funding Policy – The System is employee noncontributory. The Tax Collector is required to contribute at an actuarially determined rate. The rates at September 30, 2007 were as follows: Regular employees 9.85%; Elected Officials 16.53%. The contribution requirements of plan members and the Tax Collector's are established and may be amended by the Florida Legislature. The Tax Collector's contributions to the System for the year ended September 30, 2007 were \$20,895, equal to the required contribution for the year.

REQUIRED SUPPLEMENTARY INFORMATION

LAFAYETTE COUNTY, FLORIDA
TAX COLLECTOR
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL – OPERATING FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Favorable (unfavorable)
Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,252</u>	<u>\$ 1,252</u>
Expenditures				
Public safety				
General government				
Other general government				
Personal services	179,599	179,599	182,491	(2,892)
Operating expenditures	27,427	27,427	23,089	4,338
Capital outlay	<u>50,000</u>	<u>50,000</u>	<u>47,265</u>	<u>2,735</u>
Total expenditures	<u>257,026</u>	<u>257,026</u>	<u>252,845</u>	<u>4,181</u>
Excess (deficiency) of revenue over expenditures	(257,026)	(257,026)	(251,593)	5,433
Other financing sources				
Appropriation from Board of County Commissioners - net	<u>257,026</u>	<u>257,026</u>	<u>251,593</u>	<u>(5,433)</u>
Excess of revenues and other sources over expenditures	-	-	-	-
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See Notes to Financial Statements

LAFAYETTE COUNTY, FLORIDA
TAX COLLECTOR
FIDUCIARY NET ASSETS – AGENCY FUNDS
COMBINING STATEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2007

<u>TAX FUND</u>	<u>Balance Beginning Of year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End Of year</u>
<u>Assets</u>				
Cash	<u>\$ 24,524</u>	<u>\$ 3,959,560</u>	<u>\$ 3,953,325</u>	<u>\$ 30,759</u>
<u>Liabilities</u>				
Due to other funds	\$ 17,773	\$ 2,197,153	\$ 2,199,147	\$ 15,779
Due to other governmental units	6,751	1,751,085	1,742,856	14,980
Due to individuals	<u>-</u>	<u>11,322</u>	<u>11,322</u>	<u>-</u>
	<u>\$ 24,524</u>	<u>\$ 3,959,560</u>	<u>\$ 3,953,325</u>	<u>\$ 30,759</u>
 <u>TAG FUND</u>				
<u>Assets</u>				
Cash	<u>\$ -</u>	<u>\$ 690,531</u>	<u>\$ 690,531</u>	<u>\$ -</u>
<u>Liabilities</u>				
Due to other funds	\$ -	\$ 14,240	\$ 14,240	\$ -
Due to other governmental units	-	671,479	671,479	-
Due to other governmental units	<u>-</u>	<u>4,812</u>	<u>4,812</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 690,531</u>	<u>\$ 690,531</u>	<u>\$ -</u>
 <u>TOTAL – ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash	<u>\$ 24,524</u>	<u>\$ 4,650,091</u>	<u>\$ 4,643,856</u>	<u>\$ 30,759</u>
<u>Liabilities</u>				
Due to other funds	\$ 17,773	\$ 2,211,393	\$ 2,213,387	\$ 15,779
Due to other governmental units	6,751	2,422,564	2,414,335	14,980
Due to individuals	<u>-</u>	<u>16,134</u>	<u>16,134</u>	<u>-</u>
	<u>\$ 24,524</u>	<u>\$ 4,650,091</u>	<u>\$ 4,643,856</u>	<u>\$ 30,759</u>

See Notes to Financial Statements

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Tax Collector
Lafayette County, Florida

I have audited the financial statements of the Tax Collector of Lafayette County, Florida as of and for the year ended September 30, 2007 and have issued my report thereon dated June 27, 2008. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Tax Collector of Lafayette County, Florida's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Tax Collector of Lafayette County, Florida's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted a certain matter involving the internal control over financial reporting and its operation that I consider to be a significant deficiency. Significant deficiencies involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect Tax Collector of Lafayette County, Florida's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Significant deficiency is described below.

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. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, I believe that the reportable condition described below is material weakness.

SEGREGATION OF DUTIES

Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting record, or to all phases of a transaction. Consequently, the possibility exists that unintentional errors or irregularities could exist and not be promptly detected.

My audit did not reveal any significant errors or irregularities resulting from this lack of separation of employee duties and responsibilities. However, I do feel that it is important that you are made aware of this condition.

This report is intended for the information of the Tax Collector of Lafayette County, Florida, management, and the State of Florida Office of the Auditor General. However, this report is a matter of public record and its distribution is not limited.

James E. Davis
Certified Public Accountant

June 27, 2008

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Tax Collector
Lafayette County, Florida

I have audited the financial statements of the Lafayette County, Florida, Tax Collector, as of and for the fiscal year ended September 30, 2007, and have issued my report thereon dated June 27, 2008.

I have issued my Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting dated June 27, 2008. Disclosures in those reports, if any, should be considered in conjunction with this management letter.

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

The Rules of the Auditor General (Section 10.554(1)(f) 1.) require that I comment as to whether or not irregularities reported in the preceding annual financial audit report have been corrected. There were no irregularities disclosed in the preceding annual financial audit report for the year ended September 30, 2006.

The Rules of the Auditor General (Section 10.554 (1)(f) 2.) require that I comment as to 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.

As required by the Rules of the Auditor General (Section 10.554(1)(f) 3.), the scope of my audit included a review of the provision of Section 218.503(1), Florida Statutes, "Determination of Financial Emergency." The Tax Collector is not in a state of financial emergency as a consequence of the conditions described in Section 218.503(1), Florida Statutes.

As required by the Rules of the Auditor General (Section 10.554(1)(f) 4.), I determined that the financial information for the Lafayette County, Florida, Tax Collector, for the fiscal year ended September 30, 2007, included in the combined Lafayette County financial report filed with the Department of Banking Finance pursuant to Section 218.32, Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2007.

The Rules of the Auditor General (Section 10.554(1)(f) 10.) also require that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter. This information is disclosed in the notes to financial statements. The Tax Collector has no component units.

The Tax Collector has complied with Section 218.415, Florida Statutes, regarding the investment of public funds.

As required by the Rules of the Auditor General, the scope of my audit included a review of the provisions of Section 10.554(1)(i)4, Florida Statutes, regarding the violations of provisions of contracts and grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential. In connection with my audit, I did not have any such findings.

As required by the Rules of the Auditor General, Section 10.554(1)(i)5, Florida Statutes, based on professional judgment, the reporting of the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred, and would have an immaterial effect on the financial statements; (2) improper expenditures or illegal acts that would have an immaterial effect on the financial statements; and (3) control deficiencies that are not significant deficiencies, including, but not limited to; (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. My audit disclosed no matters required to be disclosed by Rules of the Auditor General (Section 10.554(1)(i)5).

This management letter is intended for the information of the Lafayette County, Florida, Tax Collector, and management, and the State of Florida Office of the Auditor General. However, this report is a matter of public record and its distribution is not limited.

James E. Davis
Certified Public Accountant

June 27, 2008

**LAFAYETTE COUNTY, FLORIDA
PROPERTY APPRAISER**

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT**

SEPTEMBER 30, 2007

**LAFAYETTE COUNTY PROPERTY APPRAISER
AUDIT REPORT
SEPTEMBER 30, 2007**

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**JAMES E. DAVIS
CERTIFIED PUBLIC ACCOUNTANT
3848 KILLEARN COURT
TALLAHASSEE, FL 32309
850-224-2087**

INDEPENDENT AUDITOR'S REPORT

Lafayette County Property Appraiser
Lafayette County, Florida

I have audited the accompanying general-purpose financial statements of the Property Appraiser of Lafayette County, Florida as of September 30, 2007, and for the year then ended as listed in the foregoing table of contents. These general purpose financial statements are the responsibility of the Property Appraiser of Lafayette County, Florida's management. My responsibility is to express an opinion on these general-purpose financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Additionally, my audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local government entity audits performed in the State of Florida. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As discussed in Note 1, the financial statements of the Property Appraiser of Lafayette County, Florida are intended to present the financial position and results of operation of only that portion of the financial reporting entity of Lafayette County, Florida that is attributable to the transactions of the Property Appraiser of Lafayette County, Florida.

In my opinion the financial statements referred to above present fairly, in all material respects, the financial position of the Property Appraiser of Lafayette County, Florida as of September 30, 2007 and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated June 27, 2008 on my consideration of the Property Appraiser of Lafayette County, Florida's internal control over financial reporting and my tests of its compliance with certain provision of laws, regulations and contracts.

My audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying financial information listed as schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements of the Property Appraiser of Lafayette County, Florida. The information in these schedules has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

James E. Davis
Certified Public Accountant

June 27, 2008

LAFAYETTE COUNTY, FLORIDA
PROPERTY APPRAISER
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2007

	<u>Governmental Fund - Operating Fund</u>
<u>ASSETS</u>	
Cash	<u>\$ -</u>
<u>LIABILITIES</u>	
Due to other funds	<u>\$ -</u>

See Notes to Financial Statements

LAFAYETTE COUNTY, FLORIDA
PROPERTY APPRAISER
OPERATING FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2007

Revenues		<u>\$ 7,415</u>
Expenditures		
General government		
Other general government		
Personal services		
Executive salary	91,452	
Regular salary	58,068	
FICA and other payroll taxes	11,179	
Retirement contribution	<u>21,065</u>	
Total personal services	181,764	
Operating expenditures		
EDP services	4,770	
Appraisal services	2,500	
Education	205	
Mapping	7,366	
communications	1,755	
Postage and shipping	1,500	
Office supplies	2,770	
Travel	1,814	
Dues and Membership	<u>4,191</u>	
Total operating expenditures	<u>26,871</u>	
Capital outlay	<u>-</u>	
Total expenditures	208,635	
Other financing sources:		
Appropriation from Board of County Commissioners - net	<u>201,220</u>	
Net changes in fund balance	-	
Fund balance - beginning of year	<u>-</u>	
Fund balance - end of year	<u><u>\$ -</u></u>	

See Notes to Financial Statements

LAFAYETTE COUNTY, FLORIDA
PROPERTY APPRAISER
STATEMENT OF FIDUCIARY NET ASSETS – AGENCY FUNDS
SEPTEMBER 30, 2007

	<u>Agency Funds</u>
<u>ASSETS</u>	
Investments	<u>\$ 50,226</u>
<u>LIABILITIES</u>	
Deferred Compensation	<u>50,226</u>
NET ASSETS	<u>\$ -</u>

See Notes to Financial Statements

LAFAYETTE COUNTY, FLORIDA
PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the financial statements follows.

- **Reporting Entity**

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

The Office is an integral part of Lafayette County, Florida the reporting entity for financial reporting purposes. These financial statements reflect only the transactions of the Property Appraiser of Lafayette County, Florida.

- **Basis of Reporting**

The accounts of the Property Appraiser are organized on the basis of funds and accounts groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

- **Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All government funds and agency funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

- **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from these estimates.

- **Budgets**

The Office of the Property Appraiser operates its general fund under the budget procedure pursuant to Section 195.087 Florida Statutes.

- **Fixed Assets**

General fixed assets, when purchased, are recorded as expenditures by the purchasing fund. These assets are then capitalized at cost and accounted for in the Board of County Commissioners' general fixed assets group of accounts.

LAFAYETTE COUNTY, FLORIDA
PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES (continued)

▪ **Encumbrances**

Encumbrance accounting, under which purchase orders, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed.

▪ **Compensated Absences**

The County allows employees to accumulate up to 130 days of available sick leave and various amounts of annual leave depending upon length of employment. Annual leave is expected to be used within the calendar year earned, while sick may be accumulated past the end of the year.

Upon termination of employment, former employees, who completed the 6 months probationary period, receive payment for unused annual leave and 100% of sick leave earned prior to April 12, 1993 and 50% of sick leave earned after that date. Accrued compensated absences for the Constitutional Officers' employees of the County have been included with the Board's liability.

▪ **Risk Management**

The Lafayette County Property Appraiser is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors or omissions; injuries to employees and/or the public; or damage to property of others. The Lafayette County Board of County Commissioners' insurance programs includes the Lafayette County Property Appraiser.

NOTE 2 – DEPOSITS

The Property Appraiser maintains one bank account at the Lafayette County State Bank (insured by FDIC) in Mayo, Florida. The Lafayette County State Bank qualifies as a public depository, as required by law (Florida Security for Public Deposits Act, Chapter 280, Florida Statutes).

NOTE 3 - PENSION PLAN

Plan Description - The Property Appraiser contributes to the Florida Retirement System (the "System"), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida, Department of Administration, Division of Retirement. The System provides retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Florida Retirement System, 2639 North Monroe Street, Tallahassee, Florida 32399, or by calling (850) 488-5706.

Funding Policy – The System is employee noncontributory. The Property Appraiser is required to contribute at an actuarially determined rate. The rates at September 30, 2007 were as follows: Regular Employees 9.85%; Elected County Officials 16.53%. The contribution requirements of plan members and the Property Appraiser are established and may be amended by the Florida Legislature. The Property Appraiser's contributions to the System for year ended September 30, 2007 were \$21,065, equal to the required contributions for the year.

LAFAYETTE COUNTY, FLORIDA
PROPERTY APPRAISER
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE 4 – DEFERRED COMPENSATION PROGRAM

The Lafayette Property Appraiser offers its employees a National Association of Counties' deferred compensation plan (the plan) created in accordance with Internal Revenue Code Section 457. The plan, available to all Lafayette County Property Appraiser employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The plan assets (cash and investments) are recorded at market value and are accounted for in an agency fund in accordance with Governmental Association Standards Board (GASB) Statement No. 32.

Deferred compensation amounts withheld from participating employee's pay are not taxable as current income until withdrawn from the plan.

According to Chapter 112.215, Florida Statutes the "Government Employees' Deferred Compensation Plan Act", the State Treasurer, with the approval of the State Board of Administration, shall establish such plan or plans of deferred compensation for state employees, including all such investment vehicles or products incident thereto, as may be available through, or offered by, qualified companies or person, and may approve one or more such plans for implementation by and on behalf of the state and its agencies and employees.

In accordance with a plan of deferred compensation which has been approved as herein provided, the state or any state agency, county, municipality, or other political subdivision may, by contract or a collective bargaining agreement, agree with any employee to defer all and any portion of that employee's otherwise payable compensation and, pursuant to the terms of such approved plan invest such deferred compensation in savings accounts or use the same to purchase fixed or variable life insurance or annuity contracts, securities, evidence of carrying out the objectives of such plan. Such insurance, annuity, savings, or investment products shall be underwritten and offered in compliance with the applicable federal and state laws and regulations by persons who are duly authorized by applicable state and federal authorities.

All records identifying individual participants in any plan under this section and their personal account activities shall be confidential and are exempt from the provisions of Section 119.07(1), Florida Statutes.

The purchase of any insurance contract for an employee or annuity of the investment in another investment option under any plan of deferred compensation provided for in the United States Internal Revenue Code and not prohibited under the laws of this state for any employee shall impose no liability or responsibility on the state, county, municipality, or other political subdivision, except to show that the payments have been remitted for the purposes for which the compensation has been deferred.

The deferred compensation plan is reported as an agency fund to show that the payments have been remitted for which the compensation has been deferred.

REQUIRED SUPPLEMENTARY INFORMATION

LAFAYETTE COUNTY, FLORIDA
PROPERTY APPRAISER
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Favorable (unfavorable)</u>
Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,415</u>	<u>\$ 7,415</u>
Expenditures				
General Government				
Financial and administration				
Personal services	180,194	180,194	181,764	(1,570)
Operating expenditures	24,470	24,470	26,871	(2,401)
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>204,664</u>	<u>204,664</u>	<u>208,635</u>	<u>(3,971)</u>
Excess (Deficiency) of revenue over expenditures	(204,664)	(204,664)	(201,220)	3,444
Other financing sources:				
Appropriation from Board of County Commissioners - net	204,664	204,664	201,220	(3,444)
Excess (Deficiency) of revenue and other sources over expenditures	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See Notes to Financial Statements

LAFAYETTE COUNTY, FLORIDA
PROPERTY APPRAISER
COMBINING STATEMENT OF FIDUCIARY NET ASSETS – AGENCY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Balance Beginning Of year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End Of year</u>
<u>ASSETS</u>				
Cash	\$ -	\$ 5,809	\$ 5,809	\$ -
Investments	45,276	4,950	-	50,226
	<u>\$ 45,276</u>	<u>\$ 10,759</u>	<u>\$ 5,809</u>	<u>\$ 50,226</u>
<u>Liabilities</u>				
Deferred Compensation	\$ 45,276	\$ 4,950	\$ -	\$ 50,226
Due to other funds	-	5,809	5,809	-
	<u>\$ 45,276</u>	<u>\$ 10,759</u>	<u>\$ 5,809</u>	<u>\$ 50,226</u>

See Notes to Financial Statements

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Property Appraiser
Lafayette County, Florida

I have audited the financial statements of the Property Appraiser of Lafayette County, Florida as of and for the year ended September 30, 2007 and have issued my report thereon dated June 27, 2008. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Property Appraiser of Lafayette County, Florida's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Property Appraiser of Lafayette County, Florida's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted a certain matter involving the internal control over financial reporting and its operation that I consider to be a significant deficiency. Significant deficiencies involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the Property Appraiser of Lafayette County, Florida's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

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. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, I believe that the significant deficiency described below is a material weakness.

SEGREGATION OF DUTIES

Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. Consequently, the possibility exists that unintentional errors or irregularities could exist and not be promptly detected.

My audit did not reveal any significant errors or irregularities resulting from this lack of separation of employee duties and responsibilities. However, I do feel that it is important that you are made aware of this condition.

This report is intended for the information of the Property Appraiser of Lafayette County, Florida, management, and the State of Florida Office of the Auditor General. However, this report is a matter of public record and its distribution is not limited.

James E. Davis
Certified Public Accountant

June 27, 2008

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Property Appraiser
Lafayette County, Florida

I have audited the financial statements of the Lafayette County, Florida Property Appraiser, as of and for the fiscal year ended September 30, 2007, and have issued my report thereon dated June 27, 2008.

I have issued my Independent Auditor's Report on Compliance and On Internal Control Over Financial Reporting dated June 27, 2008. Disclosures in those reports, if any, should be considered in conjunction with this management letter.

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

The Rules of the Auditor General (Section 10.554(1)(f)1.) require that I comment as to whether or not irregularities reported in the preceding annual financial audit report have been corrected. There were no irregularities disclosed in the preceding annual financial audit report for the year ended September 30, 2006.

The Rules of the Auditor General (Section 10.554 (1)(f)2.) require that I comment as to whether or not recommendations made in the preceding annual financial audit report have been followed. There were no recommendations made in the preceding annual financial audit report.

As required by the Rules of the Auditor General (Section 10.554(1)(f)3.), the scope of my audit included a review of the provision of Section 218.503(1), Florida Statutes, "Determination of Financial Emergency." The Property Appraiser is not in a state of financial emergency as a consequence of the conditions described in Section 218.503(1), Florida Statutes.

As required by the Rules of the Auditor General (Section 10.554(1)(f)4.), I determined that the financial information for the Lafayette County, Florida, Property Appraiser, for the fiscal year ended September 30, 2007, included in the combined Lafayette County financial report filed with the Department of Banking Finance pursuant to Section 218.32, Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2007.

The Rules of the Auditor General (Section 10.554(1)(f)10.) also require that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. This information is disclosed in the notes to the financial statements. The Property Appraiser had no component units.

The Property Appraiser has complied with Section 218.415, Florida Statutes, regarding the investment of public funds.

As required by the Rules of the Auditor General, the scope of my audit included a review of the provisions of Section 10.554(1)(i)4, Florida Statutes, regarding the violations of provisions of contracts and grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential. In connection with my audit, I did not have any such findings.

As required by the Rules of the Auditor General, Section 10.554(1)(i)5, Florida Statutes, based on professional judgment, the reporting of the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred, and would have an immaterial effect on the financial statements; (2) improper expenditures or illegal acts that would have an immaterial effect on the financial statements; and (3) control deficiencies that are not significant deficiencies, including, but not limited to; (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. My audit disclosed no matters required to be disclosed by Rules of the Auditor General (Section 10.554(1)(i)5).

This management letter is intended for the information of the Lafayette County, Florida Property Appraiser, management, and the State of Florida Office of the Auditor General. However, this report is a matter of public record and its distribution is not limited.

James E. Davis
Certified Public Accountant

June 27, 2008

**LAFAYETTE COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS**

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT**

SEPTEMBER 30, 2007

**LAFAYETTE COUNTY SUPERVISOR OF ELECTIONS
AUDIT REPORT
SEPTEMBER 30, 2007**

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**JAMES E. DAVIS
CERTIFIED PUBLIC ACCOUNTANT
3848 KILLEARN COURT
TALLAHASSEE, FL 32309
850-224-2087**

INDEPENDENT AUDITOR'S REPORT

Lafayette County Supervisor of Elections
Lafayette County, Florida

I have audited the accompanying general-purpose financial statements of the Supervisor of Elections of Lafayette County, Florida as of September 30, 2007, and for the year then ended as listed in the foregoing table of contents. These general purpose financial statements are the responsibility of the Supervisor of Elections of Lafayette County, Florida's management. My responsibility is to express an opinion on these general-purpose financial statements based on my audit.

I conducted my audit in accordance with generally auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Additionally, my audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As discussed in Note 1, the financial statements of the Supervisor of Elections of Lafayette County, Florida are intended to present the financial position and results of operations of only that portion of the financial reporting entity of Lafayette County, Florida that is attributable to the transactions of the Supervisor of Elections of Lafayette County, Florida.

In my opinion the financial statements referred to above present fairly, in all material respects, the financial position of the Supervisor of Elections of Lafayette County, Florida as of September 30, 2007 and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated June 27, 2008 on my consideration of the Supervisor of Elections of Lafayette County, Florida's internal control over financial reporting and my tests of its compliance with certain provision of laws, regulations and contracts.

My audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying financial information listed as schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements of the Supervisor of Elections of Lafayette County, Florida. The information in these schedules has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

James E. Davis
Certified Public Accountant

June 27, 2008

LAFAYETTE COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
BALANCE SHEET
SEPTEMBER 30, 2007

	<u>Governmental Fund - Operating Fund</u>
<u>ASSETS</u>	
Cash	\$ 8,733
<u>LIABILITIES AND FUND EQUITY</u>	
Liabilities	
Due to other funds	\$ 2,786
Fund Equity	
Fund Balance	5,947
Total liabilities and equity	\$ 8,733

See Notes to Financial Statements

LAFAYETTE COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – OPERATING FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2007

Revenues	\$ <u> -</u>
Expenditures	
General government	
Other general government	
Personal services	
Executive salary	74,885
Regular salary	22,071
FICA taxes	7,486
Retirement contribution	<u>14,545</u>
Total personal services	<u>118,987</u>
Operating expenditures	
Poll workers	9,492
voter education	25
Other election expenditures	19,531
Other operating expenditures	<u>22,624</u>
Total operating expenditures	<u>51,672</u>
Capital outlay	
Machinery and equipment	<u>12,646</u>
Total expenditures	183,305
Other financing sources (uses):	
Appropriations from Board of County Commissioners - net	<u>183,833</u>
Net changes in fund balance	528
Fund balance - beginning of year	<u>5,419</u>
Fund balance - end of year	<u>\$ 5,947</u>

See Notes to Financial Statements

LAFAYETTE COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
STATEMENT OF FIDUCIARY NET ASSETS – AGENCY FUNDS
SEPTEMBER 30, 2007

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 182
<u>LIABILITIES</u>	
Assets Held for Others	<u>182</u>
NET ASSETS	<u>\$ -</u>

See Notes to Financial Statements

LAFAYETTE COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the financial statements follows.

▪ **Reporting Entity**

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

The Office is an integral part of Lafayette County, the reporting entity for financial reporting purposes. These financial statements reflect only the transactions of the Supervisor of Elections of Lafayette County, Florida.

▪ **Basis of Reporting**

The accounts of the Supervisor of Elections are organized on the basis of funds and accounts groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

▪ **Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All government funds and agency funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

▪ **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from these estimates.

▪ **Budgets**

The office of the Supervisor of Elections operates its general fund under the budget procedure pursuant to Section 129, Florida Statutes.

▪ **Fixed Assets**

General fixed assets, when purchased, are recorded as expenditures by the purchasing fund. These assets are then capitalized at cost and accounted for in the Board of County Commissioners' general fixed assets group of accounts.

▪ **Encumbrances**

Encumbrance accounting, under which purchase orders, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed.

LAFAYETTE COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2007

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

▪ **Compensated Absences**

The County allows employees to accumulate up to 130 days of available sick leave and various amounts of annual leave depending upon length of employment. Annual leave is expected to be used within the calendar year earned, while sick may be accumulated past the end of the year.

Upon termination of employment, former employees, who completed the 6 months probationary period, receive payment for unused annual leave and 100% of sick leave earned prior to April 12, 1993 and 50% of sick leave earned after that date. Accrued compensated absences for the Constitutional Officers' employees of the County have been included with the Board's liability.

NOTE 2 - DEPOSITS

The Supervisor of Elections maintains one bank account, which is placed at the Lafayette County State Bank in Mayo, Florida. The Lafayette County State Bank (insured by FDIC) qualifies as a public depository, as required by law (Florida Security for Public Deposits Act, Chapter 280, Florida Statutes).

NOTE 3 - PENSION PLAN

Plan Description - The Supervisor of Elections contributes to the Florida Retirement System (the "System"), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida, Department of Administration, and Division of Retirement. The System provides retirement, disability, or death benefits to retirees or their designated beneficiaries.

Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of Florida Legislature. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Florida Retirement System, 2639 North Monroe Street, Tallahassee, Florida 32399, or by calling (850) 488-5706.

Funding Policy – The System is employee noncontributory. The Supervisor of Elections is required to contribute at an actuarially determined rate. The rates at September 30, 2007 were as follows: Regular Employees 9.83%; Elected County Officials 16.53%. The contribution requirements of plan members and the Supervisor of Elections are established and may be amended by the Florida Legislature. The Supervisor of Elections contributions to the System for the year ended September 30, 2007 were \$14,545 equal to the required contributions for the year.

REQUIRED SUPPLEMENTARY INFORMATION

LAFAYETTE COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
OPERATING FUND
SCHEDULE OF REVENUE, EXPEDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Favorable (unfavorable)
Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures				
General government				
Other general government				
Personal services	121,385	121,385	118,987	2,398
Operating expenditures	39,333	39,333	51,672	(12,339)
Capital outlay	<u>12,873</u>	<u>12,873</u>	<u>12,646</u>	<u>227</u>
Total expenditures	<u>173,591</u>	<u>173,591</u>	<u>183,305</u>	<u>(9,714)</u>
Excess (deficiency) of revenue over expenditures	(173,591)	(173,591)	(183,305)	(9,714)
Other financing sources				
Appropriation from Board of County Commissioners - net	<u>173,591</u>	<u>173,591</u>	<u>183,833</u>	<u>10,242</u>
Excess of revenues and other sources over expenditures	-	-	528	528
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>5,419</u>	<u>5,419</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,947</u>	<u>\$ 5,947</u>

See Notes to Financial Statements

LAFAYETTE COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
AGENCY FUND
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Balance Beginning Of year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End Of year</u>
<u>ASSETS</u>				
Cash	<u>\$ 2,226</u>	<u>\$ 683</u>	<u>\$ 2,727</u>	<u>\$ 182</u>
<u>LIABILITIES</u>				
Due to other funds	\$ 2,226	\$ 683	\$ 2,727	182
Qualifying fees	-	-	-	-
	<u>\$ 2,226</u>	<u>\$ 683</u>	<u>\$ 2,727</u>	<u>\$ 182</u>

See Notes to Financial Statements

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Supervisor of Elections
Lafayette County, Florida

I have audited the financial statements of the Supervisor of Elections of Lafayette County, Florida as of and for the year ended September 30, 2007, and have issued my report thereon dated June 27, 2008. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Supervisor of Elections of Lafayette County, Florida's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Supervisor of Elections of Lafayette County, Florida's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted a certain matter involving the internal control over financial reporting and its operation that I consider to be a reportable condition. Significant deficiencies involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the Supervisor of Elections of Lafayette County, Florida's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

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. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, I believe that the reportable condition described below is material weakness.

SEGREGATION OF DUTIES

Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records or to all phases of a transaction. Consequently, the possibility exists that unintentional errors or irregularities could exist and not be promptly detected.

My audit did not reveal any significant errors or irregularities resulting from this lack of separation of employee duties and responsibilities. However, I feel that it is important that you are made aware of this condition.

This report is intended for the information of the Lafayette County Supervisor of Elections, management, and State of Florida Office of the Auditor General. However, this report is a matter of public record.

James E. Davis
Certified Public Accountant

June 27, 2008

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Honorable Supervisor of Elections
Lafayette County, Florida

I have audited the financial statement of the Lafayette County, Florida, Supervisor of Elections, as of and for the fiscal year ended September 30, 2007, and have issued my report thereon dated June 27, 2008.

I have issued my Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting dated June 27, 2008. Disclosures in those reports, if any, should be considered in conjunction with this management letter.

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

The Rules of the Auditor General (Section 10.554(1)(f)1.) require that I comment as to whether or not irregularities reported in the preceding annual financial audit report have been corrected. There were no irregularities disclosed in the preceding annual financial audit report for the year ended September 30, 2006.

The Rules of the Auditor General (Section 10.554 (1)(f)2.) require that I comment as to whether or not recommendations made in the preceding annual financial audit report have been followed. There were no recommendations made in the preceding annual financial audit report.

As required by the Rules of the Auditor General (Section 10.554(1)(f)3.), the scope of my audit included a review of the provision of Section 218.503(1), Florida Statutes, "Determination of Financial Emergency." The Supervisor of Elections is not in a state of financial emergency as a consequence of the conditions described in Section 218.503(1), Florida Statutes.

As required by the Rules of the Auditor General (Section 10.554(1)(f)4.), I determined that the financial information for the Lafayette County, Florida, Supervisor of Elections, for the fiscal year ended September 30, 2005, included in the combined Lafayette County financial report filed with the Department of Banking Finance pursuant to Section 218.32, Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2007.

The Rules of the Auditor General (Section 10.554(1)(f)10.) also require that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. This information is disclosed in the notes to the financial statements. The Supervisor of Elections had no component units.

The Supervisor of Elections has complied with Section 218.415, Florida Statutes, regarding the investment of public funds.

As required by the Rules of the Auditor General, the scope of my audit included a review of the provisions of Section 10.554(1)(i)4, Florida Statutes, regarding the violations of provisions of contracts and grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential. In connection with my audit, I did not have any such findings.

As required by the Rules of the Auditor General, Section 10.554(1)(i)5, Florida Statutes, based on professional judgment, the reporting of the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred, and would have an immaterial effect on the financial statements; (2) improper expenditures or illegal acts that would have an immaterial effect on the financial statements; and (3) control deficiencies that are not significant deficiencies, including, but not limited to; (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. My audit disclosed no matters required to be disclosed by Rules of the Auditor General (Section 10.554(1)(i)5).

This management letter is intended for the information of the Lafayette County, Florida, Supervisor of Elections, and management, and the State of Florida Office of the Auditor General. However, this report is a matter of public record and its distribution is not limited.

James E. Davis
Certified Public Accountant

June 27, 2008