

# JAMES MOORE & CO., P.L.

CERTIFIED PUBLIC ACCOUNTANTS  
AND CONSULTANTS

## INDEPENDENT AUDITORS' REPORT

To the Honorable County Council Members  
of the County of Volusia, Florida:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Volusia, Florida, as of and for the year ended September 30, 2002, 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 of Volusia, Florida's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Volusia County Clerk of the Circuit Court or Emergency Medical Foundation, Inc., which represent ninety-six percent and ninety-eight percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for Volusia County Clerk of the Circuit Court and Emergency Medical Foundation, Inc., is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Volusia, Florida, as of September 30, 2002, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General, Municipal Service District, and Federal and State Grants Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2003, on our consideration of the County of Volusia, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and the required supplementary information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Volusia, Florida's basic financial statements. The combining and individual nonmajor fund financial statements are presented for additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance and schedule of passenger facility charges are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Section 215.97, Florida Statutes, *Florida Single Audit Act*, and the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards and state financial assistance, and schedule of passenger facility charges have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section and statistical section are presented for additional analysis and are not a required part of the basic financial statements. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Daytona Beach, Florida  
February 13, 2003

## Management's Discussion and Analysis

The County's management discussion and analysis presents an overview of the County's financial activities for the fiscal year ended September 30, 2002. Please read it in conjunction with the Letter of Transmittal, beginning on page 1, and the County's financial statements beginning on page 26.

### **Financial Highlights**

- C The assets of the County exceeded its liabilities at the close of fiscal year 2002 by \$383,521,500 (*net assets*). Of this amount, \$44,171,010 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- C At September 30, 2002, the County's governmental funds reported combined ending fund balances of \$118,160,969, an increase of \$2,648,535.
- C At September 30, 2002, unreserved fund balance for the General Fund was \$24,835,438 or 20.6 percent of total general fund expenditures.
- C Governmental funds revenues increased \$15,109,519 or 5.7 percent over the prior fiscal year.
- C The County's outstanding notes payable, capital lease, and bonded debt decreased by \$11,002,838 or 4.9 percent during fiscal year 2002. The scheduled principal retirements of its notes payable, capital lease, and bonded debt totaling \$16,874,244, and defeasing and redeeming \$2,805,000 of its bonded debt more than offset increases in its notes payable and capital lease totaling \$8,676,406.

### **Overview of the Financial Statements**

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

#### **Government-wide financial statements**

The *government-wide financial statements*, which consists of the following two statements, are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how the government's net assets changed during fiscal year 2002. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused vacation leave).

Both of these financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, physical environment, public safety, transportation, economic environment, health and social services, culture/recreation, and other community services. The business-type activities of the County include refuse disposal, airport operations, mass transit, water and sewer utilities, and garbage collection.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also the following legally separate component units: Clerk of the Circuit Court, Volusia Law Library, and Emergency Medical Foundation, Inc. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 26-29 of this report.

### **Fund financial statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

#### ***Governmental funds***

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains 40 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, municipal service district, and federal and state grant funds, which are considered to be major funds. Data from the other 37 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 general, budgeted special revenue, and debt service funds and project-length budgets for the capital projects funds. A budgetary comparison statement has been provided for these funds to demonstrate budgetary compliance.

The basic governmental fund financial statements can be found on pages 30-42 of this report.

### ***Proprietary funds***

The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for the fiscal activities relating to refuse disposal, airport operations, mass transit, water and sewer utilities, and garbage collection. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its reproduction services, computer replacement, vehicle maintenance, self-insurance and risk management programs, and employee group insurance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Refuse Disposal, Daytona Beach International Airport, Volusia Transportation Authority, Water and Sewer Utilities, and Garbage Collection funds. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* in the supplementary information section of this report.

The basic proprietary fund financial statements can be found on pages 44-53 of this report.

### ***Fiduciary funds***

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

The basic fiduciary fund financial statements can be found on pages 54-55 of this report.

### **Notes to the financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 61-96 of this report.

### **Other information**

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the County's progress in funding its obligation to provide pension benefits to its volunteer firefighters. Required supplementary information can be found on page 98 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented in the supplementary information section of this report. Combining and individual fund schedules can be found on pages 104-171 of this report.

## Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$383,521,500 at the close of the fiscal year ended September 30, 2002.

At the end of fiscal year 2002, the County is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

### County of Volusia, Florida Net Assets

	Governmental Activities		Business-type Activities		Total	
	2002	2001	2002	2001	2002	2001
Current and Other Assets	\$ 154,860,791	\$ 149,524,288	\$ 47,855,958	\$ 41,177,075	\$ 202,716,749	\$ 190,701,363
Capital Assets	301,919,438	279,664,862	167,089,398	163,238,152	469,008,836	442,903,014
Total Assets	<u>456,780,229</u>	<u>429,189,150</u>	<u>214,945,356</u>	<u>204,415,227</u>	<u>671,725,585</u>	<u>633,604,377</u>
Long-term Liabilities						
Outstanding	175,618,626	183,947,496	81,797,260	82,518,160	257,415,886	266,465,656
Other Liabilities	25,867,813	27,007,075	4,920,386	5,942,071	30,788,199	32,949,146
Total Liabilities	<u>201,486,439</u>	<u>210,954,571</u>	<u>86,717,646</u>	<u>88,460,231</u>	<u>288,204,085</u>	<u>299,414,802</u>
Net Assets:						
Invested in Capital Assets, Net of Related Debt	159,926,946	128,850,448	98,354,922	92,075,513	258,281,868	220,925,961
Restricted	67,278,469	69,062,832	13,790,153	11,965,833	81,068,622	81,028,665
Unrestricted	28,088,375	20,321,299	16,082,635	11,913,650	44,171,010	32,234,949
Total Net Assets	<u>\$ 255,293,790</u>	<u>\$ 218,234,579</u>	<u>\$ 128,227,710</u>	<u>\$ 115,954,996</u>	<u>\$ 383,521,500</u>	<u>\$ 334,189,575</u>

The largest portion of the County's net assets (67.3 percent) reflects its investment 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 (21.1 percent) represents resources that are subject to external restrictions on how they may be used. For governmental activities, restricted assets decreased by \$1,784,363 over last year primarily due to reporting reductions in restrictions relating to public safety, transportation, culture/recreation, and other purpose activities. There was a net increase of \$1,824,320 in restricted net assets reported in connection with the County's business-type activities. This resulted from an increase in amounts restricted for debt service, land purchase, passenger facility charges program, and maintenance and operations. The remaining balance of *unrestricted net assets* (\$44,171,010) for both governmental and business-type activities, may be used to meet the government's ongoing obligations to citizens and creditors.

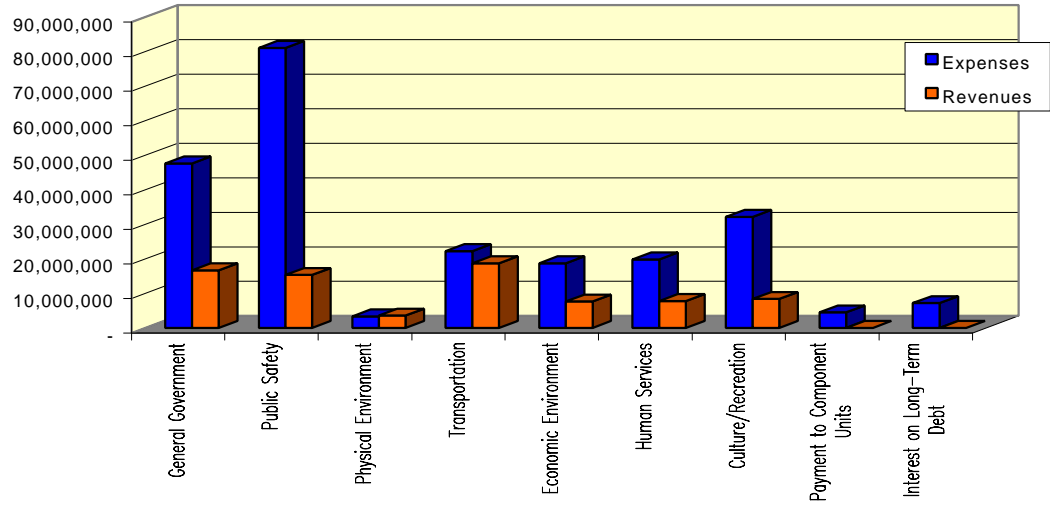
**Governmental activities**

Governmental activities increased the County's net assets by \$37,059,211, thereby accounting for 75.1 percent of the total growth in the net assets of the County.

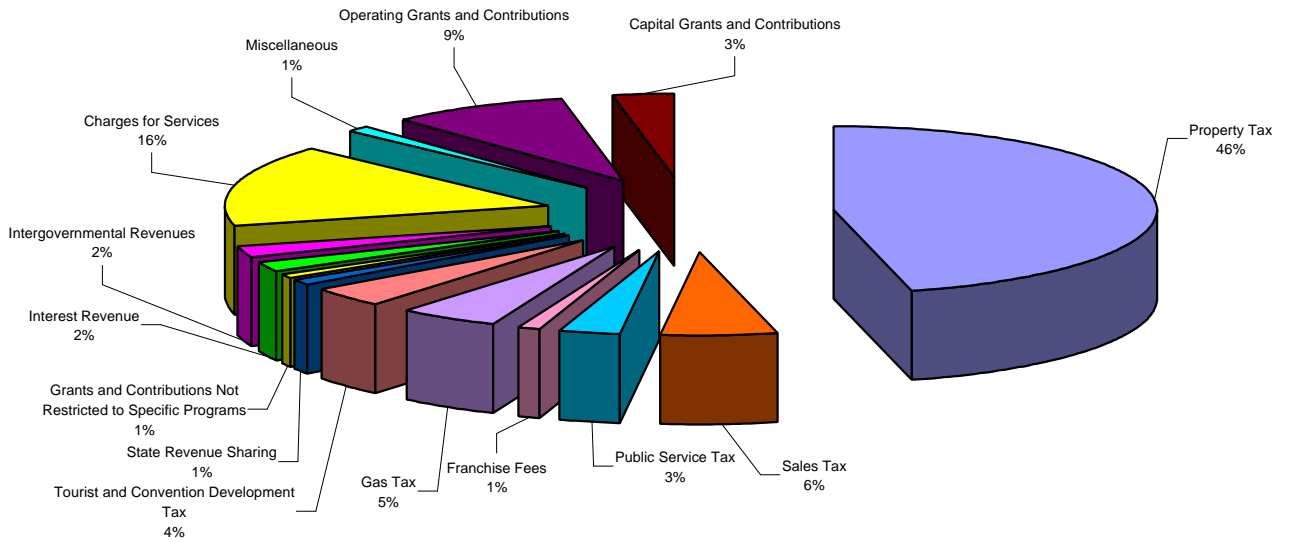
**County of Volusia, Florida  
Changes in Net Assets**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 44,941,225	\$ 41,286,376	\$ 38,855,737	\$ 37,549,512	\$ 83,796,962	\$ 78,835,888
Operating Grants and Contributions	24,462,856	16,072,031	8,261,840	5,887,755	32,724,696	21,959,786
Capital Grants and Contributions	8,650,125	10,382,434	13,117,440	9,840,130	21,767,565	20,222,564
General Revenues:						
Property Taxes	131,413,001	118,831,788	22	20,026	131,413,023	118,851,814
Other Taxes	52,804,141	56,005,217	1,050,000	1,050,000	53,854,141	57,055,217
Grants and Contributions not Restricted to Specific Programs	1,556,118	641,222	-	-	1,556,118	641,222
Other	15,929,349	21,943,676	1,088,827	2,222,245	17,018,176	24,165,921
<b>Total Revenues</b>	<b>279,756,815</b>	<b>265,162,744</b>	<b>62,373,866</b>	<b>56,569,668</b>	<b>342,130,681</b>	<b>321,732,412</b>
<b>Expenses:</b>						
General Government	47,633,863	52,171,824	-	-	47,633,863	52,171,824
Public Safety	81,040,981	77,422,805	-	-	81,040,981	77,422,805
Physical Environment	3,332,412	9,801,374	-	-	3,332,412	9,801,374
Transportation	22,244,744	23,179,764	-	-	22,244,744	23,179,764
Economic Development	18,676,948	17,399,940	-	-	18,676,948	17,399,940
Human Services	19,854,129	21,031,458	-	-	19,854,129	21,031,458
Culture/Recreation	32,129,919	21,411,162	-	-	32,129,919	21,411,162
Payments to Component Units	4,517,620	4,389,873	-	-	4,517,620	4,389,873
Interest on Long-Term Debt	7,137,363	7,213,638	-	-	7,137,363	7,213,638
Refuse Disposal	-	-	14,480,653	16,942,940	14,480,653	16,942,940
Daytona Beach International Airport	-	-	13,001,798	13,288,380	13,001,798	13,288,380
Volusia Transportation Authority	-	-	15,741,373	14,603,991	15,741,373	14,603,991
Water and Sewer Utilities	-	-	8,423,059	8,482,207	8,423,059	8,482,207
Garbage Collection	-	-	4,583,894	4,683,167	4,583,894	4,683,167
<b>Total Expenses</b>	<b>236,567,979</b>	<b>234,021,838</b>	<b>56,230,777</b>	<b>58,000,685</b>	<b>292,798,756</b>	<b>292,022,523</b>
Increase in Net Assets Before Transfers	43,188,836	31,140,906	6,143,089	(1,431,017)	49,331,925	29,709,889
Transfers	(6,129,625)	(4,336,556)	6,129,625	4,336,556	-	-
Increase in Net Assets	37,059,211	26,804,350	12,272,714	2,905,539	49,331,925	29,709,889
Net Assets - Beginning, Restated	218,234,579	189,110,688	115,954,996	109,801,224	334,189,575	298,911,912
Net Assets - Ending	\$ 255,293,790	\$ 215,915,038	\$ 128,227,710	\$ 112,706,763	\$ 383,521,500	\$ 328,621,801

### Expenses and Program Revenues – Governmental Activities



### Revenue by Source – Governmental Activities

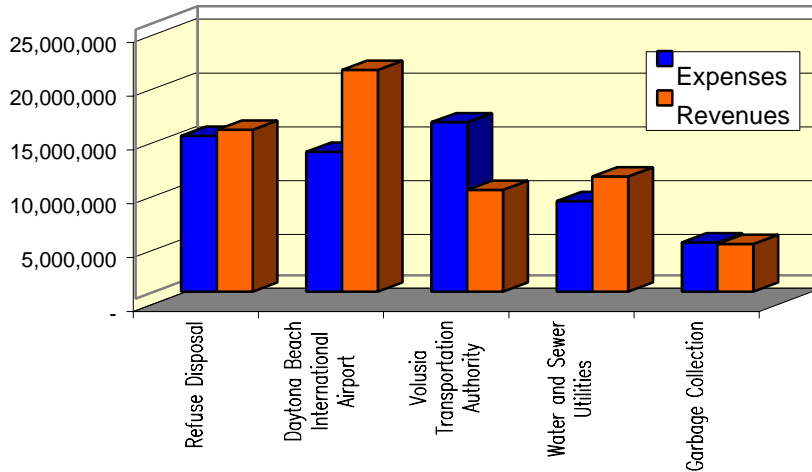


**Business-type activities**

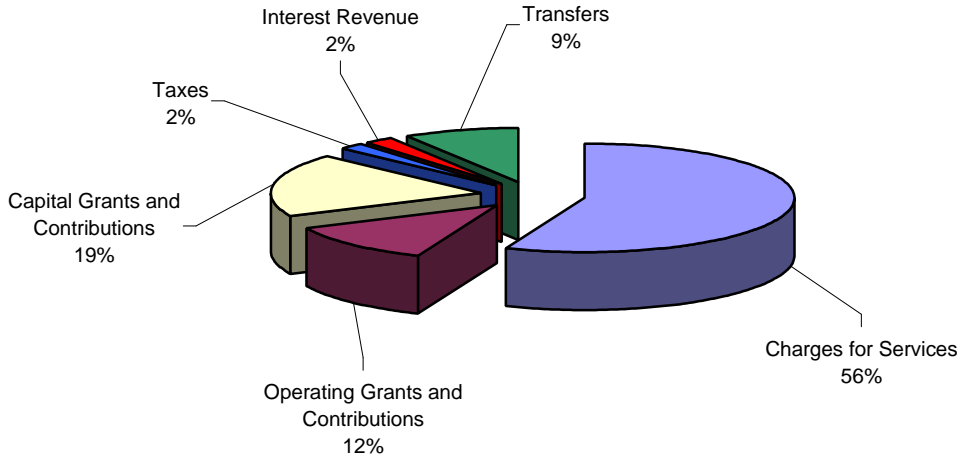
Business-type activities increased the County's net assets by \$12,272,714, accounting for 24.9 percent of the total growth in the government's net assets. Key elements of this increase are as follows:

- C The Daytona Beach International Airport (DBIA) incurred additional security costs due to heightened federal regulations. However, the increased costs were more than offset, in the amount of \$1,559,676, by state funded assistance and overall cost cutting measures implemented by Airport administration.
- C During the fiscal year, DBIA recognized real property contributions received from outside sources in the amount of \$2,800,000. In addition, it received \$1,723,695 in transfers of capital assets from the General Fund.
- C The DBIA received an increase in federal and state capital grant funding for airside capital improvements completed during the fiscal year in the amount of \$3,339,231.
- C The Refuse Disposal fund reduced expenditures relating to landfill closure costs, in the amount of \$2,052,338, from the prior year.
- C The Water & Sewer Utilities fund generated an additional \$928,678 in operating revenues during the current fiscal year. The majority of this increase was due to a full year implementation of a rate hike, which occurred in April 2002.

**Expenses and Program Revenues – Business-type Activities**



### Revenues by Source – Business-type Activities



### Financial Analysis of the County's Funds

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

#### Governmental funds

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

As of the end of fiscal year 2002, the County's governmental funds reported combined ending fund balances of \$118,160,969, an increase of \$2,648,535. *Unreserved fund balance* of \$84,984,236 is available for spending at the County's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed: 1) to liquidate contracts and purchase orders of the prior period (\$17,727,292), 2) for inventories (\$1,229,058), 3) to pay debt service (\$13,915,611), and 4) for employee receivables (\$304,772). The general, municipal service district, and federal and state grants funds are reported as major funds.

The general fund is the chief operating fund of the County. At the end of fiscal year 2002, unreserved fund balance of the general fund was \$24,835,438, while total fund balance reached \$28,241,189. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 20.6 percent of the total general fund expenditures, while total fund balance represents 23.5 percent of that same amount.

The fund balance of the County's general fund increased by \$3,819,111 during the current fiscal year. Key factors in this change are as follows:

- C An increase in revenues of \$5,177,773 over fiscal year 2001, specifically, taxes and charges for services.
- C Expenditure increases in general government, public safety, and culture/recreation activities.

The municipal service district fund balance of \$7,502,869, is a decrease of \$1,972,771 from the prior fiscal year. This decrease is attributed to a transfer creating the Stormwater Utility special revenue fund.

The federal and state grants fund balance of \$3,105,664 represents a reduction of \$722,849 from last fiscal year. This 19 percent decrease is mainly attributed to a reduction of \$442,072 due to the completion of the Marine Science Center, other grant close-outs, and \$157,500 in grant revenues transferred to capital projects funds.

**Proprietary funds**

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

Unrestricted net assets of proprietary funds at the end of the year amounted to:

<b>Proprietary Fund</b>	<b>2002 Unrestricted Net Assets (Deficit)</b>	<b>2001 Unrestricted Net Assets (Deficit)</b>
<b>Enterprise Funds</b>		
Refuse Disposal	\$ (327,636)	\$ (1,862,609)
Daytona Beach International Airport	5,281,991	4,412,243
Volusia Transportation Authority	2,708,861	2,259,582
Water and Sewer Utilities	7,513,817	6,446,373
Garbage Collection	261,368	345,195
<b>Total</b>	<b>\$ 15,438,401</b>	<b>\$11,600,784</b>
<b>Internal Service Funds</b>	<b>\$ (1,949,044)</b>	<b>\$ (6,298,283)</b>

Other factors concerning the finances of these funds have been addressed in the discussion of the County's business-type activities.

**General Fund Budgetary Highlights**

Differences between the general fund's original budget and final amended budgeted expenditures were \$3,261,039 and can be briefly summarized as follows:

- C Cumulative increase in general governmental activities of \$3,044,087 for property appraiser, facilities services, financial services, and non-departmental organizations.

- C Increase in public safety activities of \$81,717 resulting from an increase in the sheriff's and a decrease in the medical examiner's budgets.
- C Increase in physical environment activities of \$111,420 for land management/acquisition.
- C Increase in human services activities of \$20,848 for public health.
- C Increase in culture/recreation activities of \$2,967 for leisure services.

Significant expenditure budget variances existed in the general fund between the final amended budget and actual amounts. Major variances are summarized as follows:

- C General Government non-departmental expenditures were less than budget by \$7,961,399. The majority of this amount represents unexpended appropriated reserves and contingency funds.
- C Information Technology expenditures were \$2,473,499 less than budget. This expenditure savings was generated by a delay in the replacement of various legacy systems and other software upgrades.
- C Economic Development expenditures were \$1,535,345 less than budget. This amount represents savings from economic development projects and grants-in-aid to County businesses.

## ***Capital Asset and Debt Administration***

### **Capital Assets**

The County's investment in capital assets for its governmental and business-type activities as of September 30, 2002 amounts to \$469,008,836 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, leasehold improvements, equipment, infrastructure, and construction in progress. The total increase in the County's investment in capital assets for the current fiscal year was 5.8 percent (an 8.0 percent increase for governmental activities and 2.4 percent increase for business-type activities).

Major capital asset events during the current fiscal year included the following:

- C Construction continued on several of the County's capital projects. The Volusia County Courthouse was completed during the year, causing the amount for construction in progress for governmental activities to drop to \$7,076,612 as of the end of the fiscal year.
- C Completion of several of the County's road projects for expansion and new construction resulted in an increase to infrastructure capital assets, net of depreciation, to \$25,397,135 as of the close of the fiscal year.
- C Construction of taxiways and related airside improvements continued at the Daytona Beach International Airport. For these projects, construction in progress increased from \$1,987,579 to \$7,102,488 by the end of fiscal year 2002.

**County of Volusia, Florida**  
**Capital Assets**  
(net of depreciation)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Land	\$ 57,821,664	\$ 55,391,393	\$ 35,121,338	\$ 26,632,489	\$ 92,943,002	\$ 82,023,882
Buildings	145,315,775	101,850,489	16,999,397	13,372,292	162,315,172	115,222,781
Improvements Other than Buildings	8,479,090	8,674,479	90,636,292	94,730,250	99,115,382	103,404,729
Leasehold Improvements	250,928	275,318	-	-	250,928	275,318
Equipment	34,605,718	28,920,158	13,522,953	15,701,043	48,128,671	44,621,201
Infrastructure	25,397,135	13,533,382	-	-	25,397,135	13,533,382
Construction in Progress	7,076,612	46,046,664	10,809,418	12,802,078	17,886,030	58,848,742
Construction in Progress - Infrastructure	<u>22,972,516</u>	<u>24,972,979</u>	-	-	<u>22,972,516</u>	<u>24,972,979</u>
<b>Total</b>	<b><u>\$ 301,919,438</u></b>	<b><u>\$ 279,664,862</u></b>	<b><u>\$ 167,089,398</u></b>	<b><u>\$ 163,238,152</u></b>	<b><u>\$ 469,008,836</u></b>	<b><u>\$ 442,903,014</u></b>

Additional information on the County's capital assets can be found in Note 7 on pages 76-78 of this report.

**Long-term bonded debt**

At the end of fiscal year 2002, the County had total bonded debt outstanding of \$186,035,000. Of this amount, \$350,000 is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment. The remainder of the County's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

**County of Volusia, Florida**  
**Outstanding Bonded Debt**

General Obligation and Revenue Bonds

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
General Obligation Bonds	\$ -	\$ 4,620,000	\$ -	\$ -	\$ -	\$ 4,620,000
Special Assessment Debt with Governmental Commitment	350,000	670,000	-	-	350,000	670,000
Revenue Bonds	<u>133,165,000</u>	<u>140,150,000</u>	<u>52,520,000</u>	<u>53,935,000</u>	<u>185,685,000</u>	<u>194,085,000</u>
<b>Total</b>	<b><u>\$133,515,000</u></b>	<b><u>\$145,440,000</u></b>	<b><u>\$52,520,000</u></b>	<b><u>\$53,935,000</u></b>	<b><u>\$186,035,000</u></b>	<b><u>\$199,375,000</u></b>

The County's outstanding bonded debt decreased by \$13,340,000 or 6.7 percent during fiscal year 2002. The key factors in this decrease were the scheduled principal retirements of \$10,535,000, defeasing \$2,760,000 of its general obligation bonds, and an additional \$45,000 in extraordinary mandatory redemptions of its special assessment debt.

Additional information on the County's debt can be found in Note 8 on pages 79-88 of this report.

### ***Economic Factors and Next Year's Budgets and Rates***

- C The unemployment rate for Volusia County at September 30, 2002 was 5.1 percent. This represents an increase of 1.1 percent from the prior year.
- C The taxable value of commercial and residential property increased 9.5 percent in the 2002 fiscal year compared to 8.2 percent for the prior year.
- C Population increased approximately 1.7 percent from the prior fiscal year to 459,569 at September 30, 2002.

During the current fiscal year, unreserved fund balance in the general fund increased to \$24,835,438. The County has appropriated \$15,761,276 of this amount for spending in the 2003 fiscal year budget. Approximately \$800,000 is scheduled to be appropriated during the 2003 fiscal year as part of the mid-year budget adjustment. The ad valorem tax rate for the general fund was not increased for the 2003 fiscal year budget.

Beginning in fiscal year 2000, the County Council adopted an emergency reserve policy in which tax supported funds must accrue a minimum of 5 percent of current revenues as an emergency reserve. The fiscal year 2003 budget added another \$2,275,420 to the general fund reserve for a total of \$5,726,419, with a goal of \$6.6 million. Another \$603,966 will be added to the municipal service district fund emergency reserve for a total of \$1,270,039, with a goal of \$1.4 million.

Rates for the County's water and sewer utilities were increased in October 2002 based upon the annual change in the consumer price index. Rates will be reviewed during the 2003 fiscal year for any necessary adjustments.

### ***Requests for Information***

This financial report is designed to present users with a general overview of the County's finances and to demonstrate the County's accountability. If you have questions concerning any of the information provided in this report or need additional financial information, contact the County's Chief Financial Officer, 123 West Indiana Avenue, Room 300, DeLand, FL 32720. Additional financial information can be found on our web-site <http://www.volusia.org/finance>.