

JAMES MOORE & CO., P.L.

CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

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

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

We have audited the 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, 2005, which collectively comprise the County of Volusia, Florida's basic financial statements as listed in the table of contents and have issued our report thereon dated January 27, 2006. We did not audit the financial statements of the Clerk of the Circuit Court, County of Volusia, Florida or Emergency Medical Foundation, Inc., which represent ninety-eight percent and ninety-nine percent of the assets and revenues, respectively, 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 Clerk of the Circuit Court, County of Volusia, Florida 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.

Internal Control Over Financial Reporting

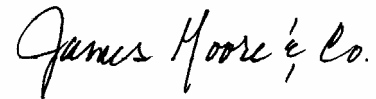
In planning and performing our audit, we considered the County of Volusia, Florida's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Volusia, Florida's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express

such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the County Council and management, the Auditor General of the State of Florida, and respective federal and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "James Moore & Co." in a cursive script.

Daytona Beach, Florida
January 27, 2006

**SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS
AND
STATE FINANCIAL ASSISTANCE**

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

FEDERAL / STATE AGENCY PASS-THROUGH ENTITY FEDERAL PROGRAM / STATE PROJECT	CFDA/ CSFA NUMBER	CONTRACT GRANT IDENTIFICATION NUMBER	EXPENDITURES	AMOUNT PROVIDED TO SUBRECIPIENTS
FEDERAL AGENCY				
National Oceanic and Atmospheric Administration				
Direct:				
Coastal Impact Assistance	11.419	GRM-EM-NR0201A	\$ 6,284	\$ 0
Pass-Through:				
Florida Department of Environmental Protection:				
Environet Rose Bay Stewardship Initiative	11.419	CZ418	2,220	0
Total NOAA			8,504	0
Department of Agriculture				
Pass-Through:				
Florida Department of Education:				
USDA Summer Food Services	10.559	04-0879-05	335,671	0
Total Department of Agriculture			335,671	0
Department of Housing and Urban Development				
Direct:				
Emergency Shelter Program	14.231	S(03-04)-UC-12-0021	97,721	66,561
HOME Program	14.239	M-(00-04)-DC-12-0223	1,511,333	1,132,614
Community Development Program	14.218	B-(0-04)-UC-12-0008	2,509,430	1,519,781
Section 8 - Voucher Program	14.855	FL-113-05	1,802,935	0
Total Department of Housing and Urban Development			5,921,419	2,718,956
Department of the Interior				
Direct:				
Lake Woodruff Fire Prevention Preparedness	15.228	401814G189	0	0
Total Department of the Interior			0	0
Department of Justice				
Direct:				
State Criminal Alien Assistance Program	16.606	Alien Assistance 04/05	55,833	0
Bulletproof Vest Partnership	16.607	05026202	12,418	0
Bulletproof Vest Partnership	16.607	OMB 1121-0235	4,116	0
LLEBG/Disparate Allocation	16.592	2004-LB-BX-0084	98,843	0
Weed & Seed - Community Services	16.595	2001-WS-Q8-0119B	45,926	36,065
Weed & Seed - Community Services	16.595	2001-WS-Q8-0119A	20,305	20,305
Weed & Seed - Community Services	16.595	2004-WS-Q4-0114	169,273	112,130
Office of Justice Program	16.585	2003-DC-BX-0025	174,543	0
Pass Through:				
Florida Department of Law Enforcement:				
Byrne Formula Grant Program	16.579	05-CJ-K3-06-74-01-020	30,000	30,000
Byrne Formula Grant Program	16.579	05-CJ-K3-06-74-01-015	22,851	0
Byrne Formula Grant Program	16.579	05-CJ-K3-06-74-01-021	22,270	22,270
Byrne Formula Grant Program	16.579	05-CJ-K3-06-74-01-019	80,419	80,419
Byrne Formula Grant Program	16.579	05-CJ-K3-06-74-01-022	12,000	12,000
Byrne Formula Grant Program	16.579	05-CJ-K3-06-74-01-018	33,690	33,690
Byrne Formula Grant Program	16.579	05-CJ-K3-06-74-01-017	16,244	0
Florida Office of the Attorney General:				
Victims Advocate	16.575	V4270	73,905	0
Total Department of Justice			872,636	346,879
Department of Defense				
Pass Through:				
University of West Florida:				
Procurement Technical Assistance	12.002	211314-2800-524-22	20,253	0
Total Department of Defense			20,253	0

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

FEDERAL / STATE AGENCY PASS-THROUGH ENTITY FEDERAL PROGRAM / STATE PROJECT	CFDA/ CSFA NUMBER	CONTRACT GRANT IDENTIFICATION NUMBER	EXPENDITURES	AMOUNT PROVIDED TO SUBRECIPIENTS
Department of Homeland Security				
Pass Through:				
Department of Community Affairs:				
Terrorism Prevention	97.004	05-CJ-L2-05-74-01-019	75,469	0
Citizen Corps	97.004	05-CC-2U-06-74-01	19,232	0
Security/Card Key Access	97.004	2005-CJ-L2-05-74-01-116	42,445	0
Assistance to Firefighter Program	83.554	EMW-2003-FP-01802	0	0
State Homeland Security Program	97.004	05-DS-2N-06-74-01-405	5,000	0
State Homeland Security Program	97.004	05-DS-2N-06-74-01-12	155,888	0
Public Assistance Grant-Hurricane Charley	97.036	05-PA-C-06-74-01-703	0	0
Public Assistance Grant-Hurricane Frances	97.036	05-PA-G-06-74-01-198	3,213,483	0
Public Assistance Grant-Hurricane Jeanne	97.036	05-PA-E-06-74-01-832	15,064,810	0
Total Department of Homeland Security			18,576,327	0
General Services Administration				
Pass-Through:				
Department of State:				
Voter Education 03-04	39.011	Voter Education 03-04	35,858	0
Voter Education 04-05	39.011	Voter Education 04-05	19,579	0
Voting Systems Assistance	39.011	2871I	0	0
Total General Services Administration			55,437	0
Federal Highway Administration				
Pass Through:				
Florida Department of Transportation:				
Lake Helen Trails	20.205	ANX91	0	0
Bellevue Avenue Extension	20.205	ANT33	23,195	0
DeLand Train Station	20.205	AE888	7,500	0
Kepler Road Improvements	20.205	ANT32	16,688	0
Otter Boulevard Replacement Bridge	20.205	AN201	104,209	0
Clyde Morris Intersection Improvements	20.205	AN121	121,787	0
Spring to Spring Trail	20.205	ANP93	0	0
Spring to Spring Trail	20.205	ANK74	350,000	0
South Atlantic Sidewalk	20.205	ANM57	451,782	0
Emergency Relief Program	20.205	ANZ05	5,504,111	0
US 17/92 Sidewalk Project	20.205	AO231	0	0
Recreational Trails Program	20.219	T22042	0	0
Intersection Improvements	20.205	AM639	150,635	0
Total Federal Highway Administration			6,729,907	0
Federal Emergency Management Agency				
Pass Through:				
Florida Department of Community Affairs				
RCMP	83.548	02-HM-2T-06-74-15-003	4,495	0
Continuity of Operations Plan (COOP)	83.562	03-FT-1B-06-74-01-327	0	0
Local Mitigation Strategy	83.557	04-DM-60-06-74-01-259	10,395	0
Emergency Management Preparedness Trust	97.042	05-BG-04-06-74-01-237	163,318	0
Total Federal Emergency Management Agency			178,208	0
Department of Health and Human Services				
Pass Through:				
Agency For Health Care Administration:				
VOTRAN Medicaid Assistance Program	93.778	N/A	1,797,898	0
Florida Department of Community Affairs:				
FACA Hurricane Disaster Relief	93.570	90XS0020/01	16,720	0
Voting Access For Individuals With Disabilities	93.617	HHS VOTE	32,057	0
CSBG Program	93.569	05-SB-4N-06-74-01-033	433,429	0
Low Income Home Energy Assistance Program	93.568	04-EA-4P-06-74-01-031	121,202	0
Low Income Home Energy Assistance Program	93.568	05EA-5K-06-74-01-031	301,419	0
Total Department of Health and Human Services			2,702,725	0

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

FEDERAL / STATE AGENCY PASS-THROUGH ENTITY FEDERAL PROGRAM / STATE PROJECT	CFDA/ CSFA NUMBER	CONTRACT GRANT IDENTIFICATION NUMBER	EXPENDITURES	AMOUNT PROVIDED TO SUBRECIPIENTS
Federal Transit Administration				
Direct:				
VOTRAN Capital Assistance	20.507	FL03-X263	597,759	0
VOTRAN Capital Assistance	20.507	FL90-X367	328,573	0
VOTRAN Capital Assistance	20.507	FL90-X398	4,976	0
VOTRAN Capital Assistance	20.507	FL90-X425	487,537	0
VOTRAN Capital Assistance	20.507	FL90-X460	449,638	0
VOTRAN Capital Assistance	20.507	FL90-X474	78,189	0
VOTRAN Operating and Capital Assistance	20.507	FL90-0498	1,244,467	0
Total Federal Transit Administration			3,191,139	0
Federal Aviation Authority				
Direct:				
Construct Perimeter Service Road - Phase1 and Acquire Aircraft Rescue and Fire Fighting Vehicle	20.106	3-12-0017-042-2003	1,956,977	0
Expand Terminal Building (Innovative Financing Program-Phase 2)	20.106	3-12-0017-044-2004	0	0
Expand Terminal Building (Innovative Financing Program-Phase 3)	20.106	3-12-0017-047-2005	2,214,654	0
Roof Turret for Aircraft Rescue Fire-Fighting Vehicle #4	20.106	3-12-0017-045-2004	104,586	0
Construct Perimeter Service Road - Phase 2 Rehab; Rehabilitate Terminal Building; Terminal Expansion; and Environmental Assessment for Instrument Landing System for Runway 7L/25R	20.106	3-12-0017-046-2004	1,377,774	0
Federal Security Grant-Law Enforcement Officers and Security Equipment	20.106	3-12-0017-043-2003	0	0
Acquire Aircraft Rescue and Fire Fighting Vehicle; Construct Perimeter Service Road - Phase 3 Install Runway 71/25R Marking and Lighting; Remove Obstructions	20.106	3-12-0017-048-2005	115,144	0
Repair Parking Lot Booth 1 and 2, Roadway Information Signs; Condo Hangar Repair, Condo Hangar Apron/Pavement; Taxiway N2 - West Elevation; Drainage Structures; and Non-Aviation Building	20.106	3-12-0017-E1-2005	59,612	0
Small Community Air Service Development Pilot Program	20.106	SCASDPP 11590-035	0	0
Total Federal Aviation Authority			5,828,747	0
TOTAL EXPENDITURES FEDERAL AWARDS			\$ 44,420,973	\$ 3,065,835
STATE AGENCY				
Florida Department of Environmental Protection				
Litter Control Grant - Keep Volusia County Beautiful	37.015	KVCB05	\$ 6,923	\$ 0
Beach Erosion Control	37.003	04V01	624,888	0
Compliance Inspection '02	37.043	GC561-E/5	30,710	0
Compliance Inspection '03	37.043	GC561-F/6	30,678	0
Compliance Inspection '04	37.043	GC561-G/7	13,720	0
Compliance Inspection '05	37.043	GC561-H/8	182,676	0
Compliance Inspection '06	37.043	GC561-H/9	45,418	0
Super ACT Administration '02	37.024	GC631-1	41,560	0
Super ACT Administration '03	37.024	GC631-2	7,138	0
Super ACT Administration '90	37.024	GC60	2,625	0
Super ACT Administration '04	37.024	GC631-3	28,230	0
Super ACT Administration '05	37.024	GC631-4	325,552	0
Super ACT Administration '06	37.024	GC631-5	21,431	0
Florida Recreation Development Assistance Program	37.017	F5283	200,000	0
Florida Recreation Development Assistance Program	37.017	F4283	0	0
Total Florida Department of Environmental Protection			1,561,549	0

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

FEDERAL / STATE AGENCY PASS-THROUGH ENTITY FEDERAL PROGRAM / STATE PROJECT	CFDA/ CSFA NUMBER	CONTRACT GRANT IDENTIFICATION NUMBER	EXPENDITURES	AMOUNT PROVIDED TO SUBRECIPIENTS
Florida Department of State				
Division of Historic Preservation:				
Debary Hall General Program Support	45.017	05-7580	4,363	0
Division of Historic Preservation			4,363	0
Division of Library Services:				
Public Library Construction	45.02	06-PLC-21	0	0
Staying Connected Computer Grant	N/A	04-GATES-B-16	16,800	0
State Aid to Libraries	45.030	05-ST-68	621,032	0
Total Division of Library Services			637,832	0
Division of Cultural Affairs:				
Cultural Arts Program	45.005	05-8021	7,639	0
Total Division of Cultural Affairs			7,639	0
Florida Department of Health				
EMS Trust Fund	64.005	C3064	32,554	0
EMS Trust Fund	64.005	C4064	78,592	0
Total Florida Department of Health			111,146	0
Florida Department of Community Affairs				
Hazardous Material	52.023	06CP-11-06-74-01-068	0	0
Hazardous Material	52.023	05CP-11-06-74-01-073	316	0
Hazardous Material	52.023	04CP-11-06-74-01-055	9,797	0
Hazardous Material	52.023	03CP-11-06-74-01-184	4,705	0
Post Disaster Recovery Plan	52.009	05CG-3A-06-74-01-323	6,250	0
RCMP Low to Moderate Income Retrofit Program	52.016	05-RC-11-06-74-446	1,437	0
Total Florida Department of Community Affairs			22,505	0
Florida Housing Finance Corporation				
State Housing Incentive Program. (S.H.I.P.)	52.901	(02-05) 206	1,743,837	0
Total Florida Housing Finance Corporation			1,743,837	0
Florida Department of Highway Safety				
License Plate	45.013	Florida Arts License Plate	5,761	0
Total Florida Department of Highway Safety			5,761	0
Florida Executive Office of the Governor				
Economic Development Transportation Trust	31.002	05-00071	0	0
Economic Development Transportation Trust	31.002	04-00377	0	0
Total Florida Executive Office of the Governor			0	0
Florida Department of Law Enforcement				
Violent Crime and Drug Control	71.004	V018206	1,431	0
Violent Crime and Drug Control	71.004	99-2232	20,248	0
Total Florida Department of Law Enforcement			21,679	0
Florida Department of Revenue				
Digital Map Conversion	73.023	05 Parcel Map	63,782	0
Total Florida Department of Revenue			63,782	0
Florida Department of Management Services				
Wireless 911 Emergency Telephone System	72.001	Wireless 911	738,106	0
Total Florida Department of Management Services			738,106	0

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

FEDERAL / STATE AGENCY PASS-THROUGH ENTITY FEDERAL PROGRAM / STATE PROJECT	CFDA/ CSFA NUMBER	CONTRACT GRANT IDENTIFICATION NUMBER	EXPENDITURES	AMOUNT PROVIDED TO SUBRECIPIENTS
Florida Department of Transportation				
I-4 Frontage Road	55.022	AM296	760,997	0
County Incentive Grant Program I-4 Frontage	55.008	410525-1-54-01	0	0
Daytona Beach Transportation Solution	55.022	AM110	29,583	0
Historic Planning & Research	N/A	ANX48	0	0
VOTRAN Operating Assistance	55.012	AL127/411999-1-54-01	49,093	0
VOTRAN Operating Assistance	55.007	AL348/412964-1-84-01	4,170	0
VOTRAN Operating Assistance	55.007	AM980/247085-1-84-01	1,801,762	0
VOTRAN Operating Assistance	55.007	AM728/247084-1-84-01	98,048	0
VOTRAN Operating Assistance	55.007	ANU58/418206-1-84-01	20,481	0
VOTRAN Operating Assistance	55.007	AN274/404422-1-84-01	190,444	0
VOTRAN Operating Assistance	55.007	ANF36/415592-1-84-01	29,852	0
VOTRAN Operating Assistance	55.007	ANT07/414334-1-84-01	51,046	0
VOTRAN Commission for the Transportation Disadvantaged	55.001	ANQ22/248541-3-84-01	695,508	0
AIRPORT PROJECTS:				
Operational/Maintenance Costs-Enhanced Federal Security	55.004	ANL48/404986 1 94 01	240,558	0
Design and Construction of Aircraft Hangars	55.004	ANC09/41541419401	250	0
Operational/Maintenance Costs-Enhanced Federal Security	55.004	AA150/24825414401	2,455,528	0
Reconstruct Security Checkpoint to Include Design/Construction	55.004	ANC13/41541219401	12,500	0
Construct Perimeter Service Road - Phase I, Phase 2, & Phase 3	55.004	ANC12/41541319401	83,972	0
Acquire Aircraft Rescue and Roof Turret	55.004	ANC11/415410-1-94-01	43,293	0
Provide Payment on Bonds	55.004	AN027/40945119401	72,697	0
Repair Facilities - Hurricanes Charley/Frances	55.004	ANP91/404987-1-94-01	4,630	0
Repair/Replacement of Facilities and Equipment Damaged by Hurricanes of 2004	55.004	ANV81/418783 1 94 01	281	0
Airfield Signage and Parkings - FAR Part 139 Airport Operating Certificate (Including Obstruction Removal, Runway Safety Area Improvements, and Runway Lighting	55.004	ANR00/40759519401	3,164	0
Environmental Assessment for Instrument Landing System on Runway 7L/25R (To Include Design and Construction of an Instrument Landing System on Runway 25R)	55.004	ANQ98/40759619401	2,113	0
Total Florida Department of Transportation			6,649,970	0
TOTAL STATE FINANCIAL ASSISTANCE			\$ 11,568,169	\$ 0

**COUNTY OF VOLUSIA, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2005**

I. Summary of Auditors' Results:

- A. Type of audit report issued on the basic financial statements: Unqualified
- B. There were no reportable conditions related to internal control over financial reporting disclosed by the audit of the basic financial statements.
- C. No instances of noncompliance material to the financial statements of County of Volusia, Florida, were disclosed during the audit.
- D. There were no reportable conditions related to internal control over major federal programs or state projects disclosed by the audit.
- E. Type of report issued on compliance for major federal programs and state projects: Unqualified
- F. The audit did not disclose any audit findings, which are required to be reported under OMB Circular A-133 and Chapter 10.550, Rules of the Florida Auditor General.
- G. Major program identification:
 - Federal awards programs:
 - Community Development Block Grants, CFDA 14.218
 - Airport Improvement Program, CFDA 20.106
 - Highway Planning and Construction, CFDA 20.205
 - Low-Income Home Energy Assistance, CFDA 93.568
 - Community Services Block Grant, CFDA 93.569
 - State financial assistance projects:
 - Beach Erosion Control Program, CSFA 37.003
 - Florida Recreation Development Assistance, CSFA 37.017
 - Delegated Title V Air Pollution Control Activities, CSFA 37.043
 - State Aid to Libraries, CSFA 45.030
 - State Housing Initiatives Partnership Program, CSFA 52.901
 - Aviation Development Grants, CSFA 55.004
- H. Dollar threshold used to distinguish between Type A and Type B programs or projects were \$1,332,629 for major federal programs and \$347,045 for major state projects.
- I. The County of Volusia, Florida, qualified as a low-risk auditee as defined in OMB Circular A-133.

- II. **Findings Relating to the Financial Statements Which are Required to be Reported in Accordance with *Government Auditing Standards*:** None
- III. **Findings and Questioned Costs for Federal Programs and State Projects:** None
- IV. **Summary Schedule of Prior Audit Findings:** No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings related to federal programs or state projects.
- V. **Corrective Action Plan:** There was no corrective action plan necessary for the year ended September 30, 2005, since there were no audit findings related to federal programs or state projects in the auditors' report for that fiscal year.

COUNTY OF VOLUSIA, FLORIDA
SCHEDULE OF PASSENGER FACILITY CHARGES (PFC) COLLECTED AND EXPENDED
FOR THE YEAR ENDED SEPTEMBER 30, 2005

	Quarter Ended December 31, 2004	Quarter Ended March 31, 2005	Quarter Ended June 30, 2005	Quarter Ended September 30, 2005	Year Ended September 30, 2005
PFC Revenues Received	\$ 180,844	\$ 189,827	\$ 236,368	\$ 176,450	\$ 783,489
Interest Earned	26,999	34,364	42,988	53,667	158,018
Total PFC Revenues Received	<u>\$ 207,843</u>	<u>\$ 224,191</u>	<u>\$ 279,356</u>	<u>\$ 230,117</u>	941,507
Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	-
PFC Cash Available at September 30, 2004					5,251,970
PFC Cash Available at September 30, 2005					<u>\$ 6,193,477</u>

Reconciliation to Restricted Net Assets for PFC Program as of September 30, 2005:

PFC Cash Available	\$ 6,193,477
PFC Due From Airlines	97,352
Restricted Net Assets for PFC Program	<u>\$ 6,290,829</u> *

* The restricted net assets is comprised of \$3,720,116 for debt service on land acquisition (93-01-C-03-DAB) and \$2,570,713 for debt service on the terminal facility (96-02-01-DAB).

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JAMES MOORE & CO., P.L.

CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM, EACH MAJOR STATE PROJECT, AND PASSENGER FACILITY CHARGE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133, CHAPTER 10.550, RULES OF THE AUDITOR GENERAL, AND PASSENGER FACILITY CHARGE AUDIT GUIDE FOR PUBLIC AGENCIES

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

Compliance

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

The County of Volusia, Florida's financial statements include the operations of Clerk of the Circuit Court, Volusia County, Florida (a discretely presented component unit) and Emergency Medical Foundation, Inc. (a discretely presented component unit), which received \$530,832 and \$376,953 in federal awards and state projects, respectively, which is not included in the schedule during the year ended September 30, 2005. Our audit, described below, did not include the operations of the component units because the component units engaged other auditors to perform an audit in accordance with *Government Auditing Standards*, Chapter 10.550, Rules of the Florida Auditor General, and OMB Circular A-133 (if required).

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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*; Chapter 10.550, Rules of the Florida Auditor General; and the Guide. Those standards, OMB Circular A-133; Chapter 10.550, Rules of the Florida Auditor General; and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program, major state project, or the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the County of Volusia, Florida's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County of Volusia, Florida's compliance with those requirements.

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

Internal Control Over Compliance

The management of the County of Volusia, Florida, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs, state projects, and the passenger facility charge program. In planning and performing our audit, we considered the County of Volusia, Florida's internal control over compliance with requirements that could have a direct and material effect on a major federal program, major state project, or its passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, Chapter 10.550, Rules of the Florida Auditor General, and the Guide.

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

This report is intended solely for the information and use of the County Council and management, the Auditor General of the State of Florida, and respective federal and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

James Moore & Co.

Daytona Beach, Florida
January 27, 2006

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

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

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

We have audited the basic financial statements of the County of Volusia, Florida, as of and for the fiscal year ended September 30, 2005, and have issued our report thereon dated January 27, 2006. We did not audit the financial statements of the Clerk of the Circuit Court, County of Volusia, Florida or Emergency Medical Foundation, Inc., which represent ninety-eight percent and ninety-nine percent of the assets and revenues, respectively, 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 Clerk of the Circuit Court, County of Volusia, Florida 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the provisions of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration. Additionally, our audit was conducted in accordance with the provisions of chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the state of Florida and require that certain items be addressed in this letter.

We have issued our Report on Internal Control Over Financial Reporting and on Compliance and Other Matters, Report on Compliance With Requirements Applicable to Each Major Federal Program, Each Major State Project, and Passenger Facility Charge Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133, Chapter 10.550, Rules of The Auditor General, and Passenger Facility Charge Audit Guide for Public Agencies, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated January 27, 2006, should be considered in conjunction with this management letter.

In addition, separate audits were performed on the Halifax Advertising Authority, Southeast Volusia Advertising Authority, and West Volusia Advertising Authority, which comprise the nonmajor Convention Development Tax special revenue fund. Management comments in those reports should be considered in conjunction with this management letter.

The Rules of the Auditor General (Section 10.554 (1)(h)1.) require that we comment as to whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. The findings and 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)(h)2.), the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds.

In connection with our audit, we determined that the County of Volusia, Florida, complied with Section 218.415, Florida Statutes.

The Rules of the Auditor General (Section 10.554(1)(h) 3. and 4.) require disclosure in the management letter of the following matters if not already addressed in our report on internal control over financial reporting and on compliance and other matters: (1) recommendations to improve financial management, accounting procedures, and internal controls; (2) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred, and were discovered within the scope of the audit; (3) improper or illegal expenditures discovered within the scope of the audit that may or may not materially affect the financial statements; (4) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual financial statements); failures to properly record financial transactions; and other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. There were no matters that require disclosure pursuant to the Rules of the Auditor General (Sections 10.554(1)(h) 3 and 4).

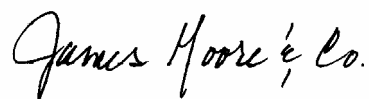
The Rules of the Auditor General (Section 10.554 (1)(h)5.) also require that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The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

The Rules of the Auditor General (Section 10.554(1)(h) 6.a.) require that we comment as to whether or not one or more conditions described in Section 218.503(1), Florida Statutes, regarding determination of financial emergency have been met. In connection with our audit, we determined that the County of Volusia, Florida has not met one or more of the conditions described in Section 218.503(1), Florida Statutes, regarding determination of financial emergency.

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

As required by the Rules of the Auditor General (Sections 10.554 (1)(h)6.c.), the scope of our audit included application of financial condition assessment procedures pursuant to Rule 10.556(8) of the Auditor General. It is management's responsibility to monitor the County's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by the same.

This report is intended solely for the information and use of the County Council and management, the Auditor General of the State of Florida, and respective federal and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Daytona Beach, Florida
January 27, 2006