

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, 2005, 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 opinions on these financial statements based on our audit. 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. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County of Volusia, Florida's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 provides a reasonable basis for our opinions.

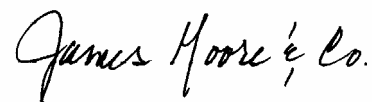
In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Volusia, Florida, as of September 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General, Municipal Service District, FEMA – Hurricane Grants, 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 January 27, 2006, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and 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 accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no 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 statements and individual fund financial schedules are presented for purposes of 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 statements and individual fund financial schedules, 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.

The image shows a handwritten signature in cursive script that reads "James Moore & Co." The signature is written in black ink and is positioned to the right of the main body of text.

Daytona Beach, Florida
January 27, 2006

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, 2005. Please read it in conjunction with the Letter of Transmittal, beginning on page 1, and the County's financial statements beginning on page 28.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of fiscal year 2005 by \$620,865,625 (*net assets*). Of this amount, \$89,721,008 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- At September 30, 2005, the County's governmental funds reported combined ending fund balances of \$292,816,116, an increase of \$92,385,507.
- At September 30, 2005, unreserved fund balance for the General Fund was \$44,671,582, an increase of 19.5 percent over the prior fiscal year.
- Governmental funds revenues increased \$39,537,933 or 11.6 percent over the prior fiscal year.
- The County's outstanding notes payable, capital lease, and bonded debt increased by \$50,306,319 or 18.9 percent during fiscal year 2005. The principal retirements of its notes payable, capital lease, and bonded debt totaling \$21,730,200 did not offset increases in its notes payable and capital lease totaling \$7,821,519 and the increase of bonded debt of \$64,215,000 from one new issue.

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 consist 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 2005. 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, public safety, physical environment, 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 County 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 28-31 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 44 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, ocean center expansion, bond funded road program, FEMA – hurricane grants, and federal and state grant funds, which are considered to be major funds. Data from the other 38 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 32-45 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 computer replacement, vehicle maintenance, self-insurance and risk management, and employee group insurance programs. 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 46-55 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 56-57 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 63-101 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 104 of this report.

The combining statements referred to earlier in connection with nonmajor governmental, major capital project, internal service, and agency funds are presented in the supplementary information section of this report. Combining and individual fund statements and schedules can be found on pages 110-185 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 \$620,865,625 at the close of the fiscal year ended September 30, 2005.

At the end of fiscal year 2005, 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	
	2005	2004	2005	2004	2005	2004
Current and other						
assets	\$ 362,552,637	\$ 274,993,872	\$ 60,611,946	\$ 58,393,540	\$ 423,164,583	\$ 333,387,412
Capital assets	423,791,083	402,584,403	176,589,779	175,872,207	600,380,862	578,456,610
Total assets	786,343,720	677,578,275	237,201,725	234,265,747	1,023,545,445	911,844,022
Long-term liabilities						
outstanding	286,183,230	226,071,007	72,101,175	80,237,762	358,284,405	306,308,769
Other liabilities	38,332,415	45,831,976	6,063,000	5,583,028	44,395,415	51,415,004
Total liabilities	324,515,645	271,902,983	78,164,175	85,820,790	402,679,820	357,723,773
Net Assets:						
Invested in capital						
assets, net of						
related debt	292,915,827	270,913,433	118,841,502	110,811,202	411,757,329	381,724,635
Restricted	102,395,240	90,253,149	16,992,048	16,023,083	119,387,288	106,276,232
Unrestricted	66,517,008	44,508,710	23,204,000	21,610,672	89,721,008	66,119,382
Total net assets	\$ 461,828,075	\$ 405,675,292	\$ 159,037,550	\$ 148,444,957	\$ 620,865,625	\$ 554,120,249

The largest portion of the County's net assets (66.3 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 its 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 (19.2 percent) represents resources that are subject to external restrictions on how they may be used. For governmental activities, restricted assets increased \$12,142,091 over last year primarily due to an increase in funds for physical environment under the Volusia ECHO and Volusia Forever programs. There was a net increase of \$968,965 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 and passenger facility charges program. The remaining balance of *unrestricted net assets* (\$89,721,008) for both governmental and business-type activities, may be used to meet the government's ongoing obligations to citizens and creditors.

Governmental activities

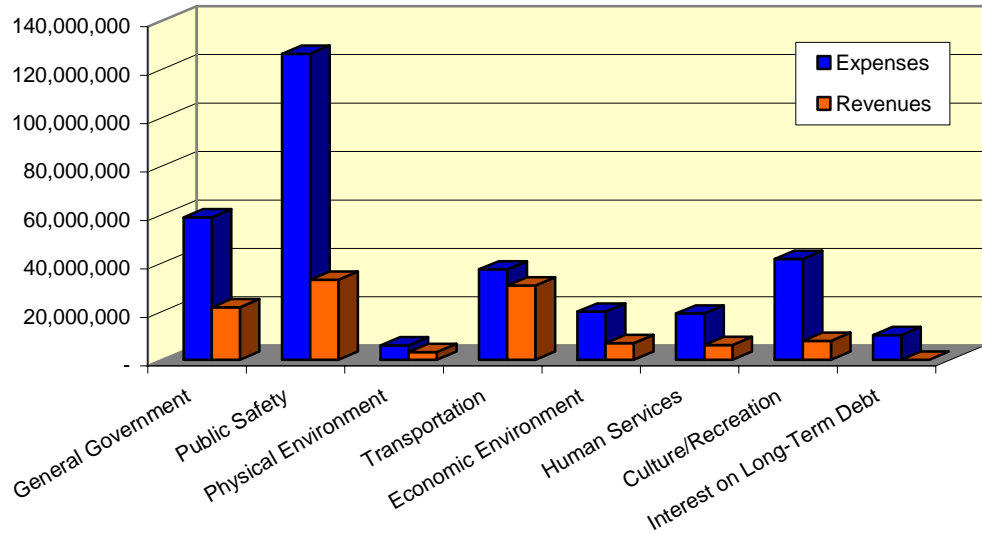
Governmental activities increased the County's net assets by \$56,267,748 thereby accounting for 84.2 percent of the total growth in the net assets of the County. Key elements of this increase are as follows:

- Growth related activities including a road impact fee rate hike resulted in capital grants and contributions increasing by \$10,129,367 or 58.9 percent over the prior year.
- Property tax revenue increased \$26,659,057, an increase of 16.2 percent, over the prior fiscal year.

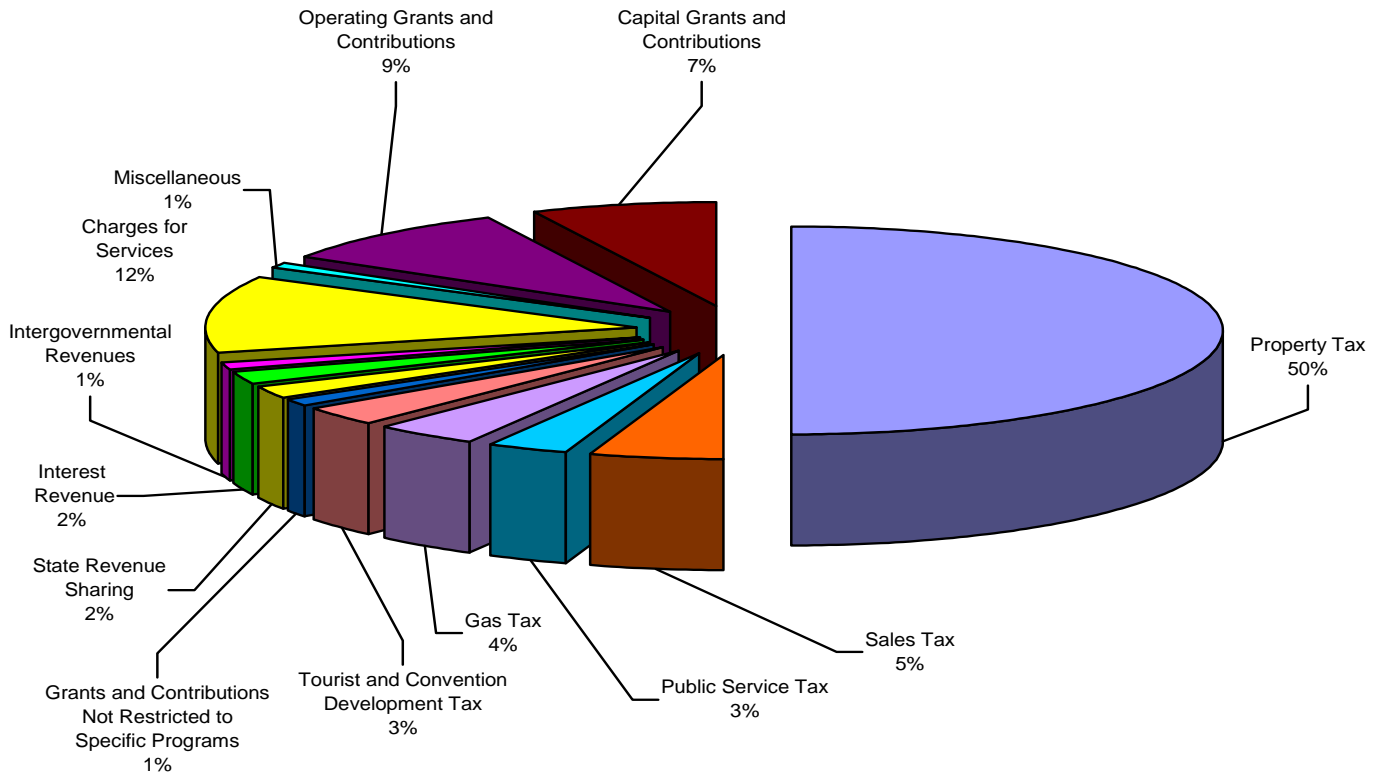
**County of Volusia, Florida
Changes in Net Assets**

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program Revenues:						
Charges for services	\$ 47,303,189	\$ 42,850,998	\$ 45,622,285	\$ 46,037,212	\$ 92,925,474	\$ 88,888,210
Operating grants and contributions	34,604,270	43,020,783	10,602,513	9,224,015	45,206,783	52,244,798
Capital grants and contributions	27,323,066	17,193,699	8,605,661	8,866,409	35,928,727	26,060,108
General Revenues:						
Property taxes	191,197,296	164,538,239	-	534	191,197,296	164,538,773
Other taxes	61,679,283	57,130,829	-	1,050,000	61,679,283	58,180,829
Grants and contributions not restricted to specific programs						
	1,012,246	508,988	-	-	1,012,246	508,988
Other	17,868,177	13,435,771	4,370,491	1,268,369	22,238,668	14,704,140
Total revenues	380,987,527	338,679,307	69,200,950	66,446,539	450,188,477	405,125,846
Expenses:						
General government	58,773,973	60,201,162	-	-	58,773,973	60,201,162
Public safety	126,272,315	118,220,075	-	-	126,272,315	118,220,075
Physical environment	5,906,176	7,064,094	-	-	5,906,176	7,064,094
Transportation	37,312,003	32,057,217	-	-	37,312,003	32,057,217
Economic environment	19,846,710	19,370,815	-	-	19,846,710	19,370,815
Human services	19,077,825	19,300,232	-	-	19,077,825	19,300,232
Culture/recreation	41,629,072	35,145,161	-	-	41,629,072	35,145,161
Interest on long-term debt	10,161,557	6,112,983	-	-	10,161,557	6,112,983
Refuse disposal	-	-	15,249,106	14,980,309	15,249,106	14,980,309
Daytona Beach International Airport	-	-	15,312,142	14,607,474	15,312,142	14,607,474
Volusia Transportation Authority	-	-	19,181,600	17,093,796	19,181,600	17,093,796
Water and sewer utilities	-	-	9,869,034	9,204,723	9,869,034	9,204,723
Garbage collection	-	-	4,736,623	5,043,940	4,736,623	5,043,940
Total expenses	318,979,631	297,471,739	64,348,505	60,930,242	383,328,136	358,401,981
Increase in net assets before transfers	62,007,896	41,207,568	4,852,445	5,516,297	66,860,341	46,723,865
Transfers	(5,740,148)	(4,886,148)	5,740,148	4,886,148	-	-
Increase in net assets	56,267,748	36,321,420	10,592,593	10,402,445	66,860,341	46,723,865
Net assets -						
beginning of year, restated	405,560,327	369,353,872	148,444,957	138,042,512	554,005,284	507,396,384
Net assets - end of year	\$ 461,828,075	\$ 405,675,292	\$ 159,037,550	\$ 148,444,957	\$ 620,865,625	\$ 554,120,249

Expenses and Program Revenues – Governmental Activities



Revenue by Source – Governmental Activities

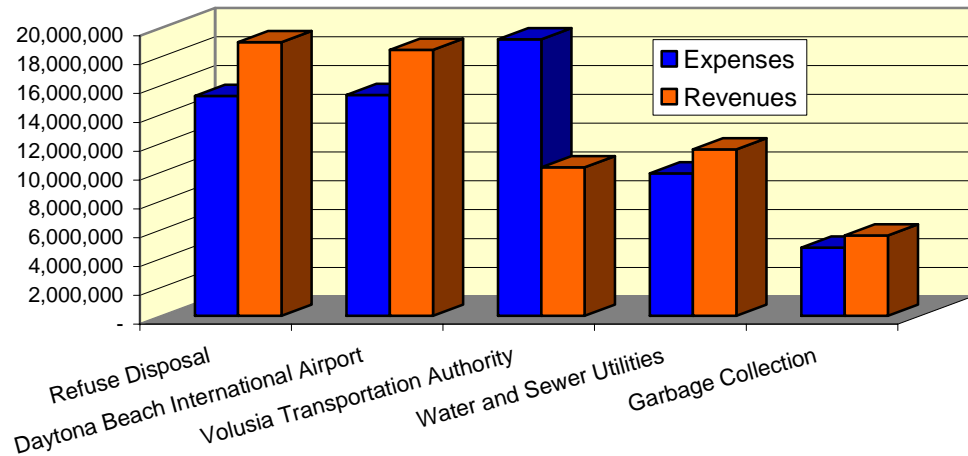


Business-type activities

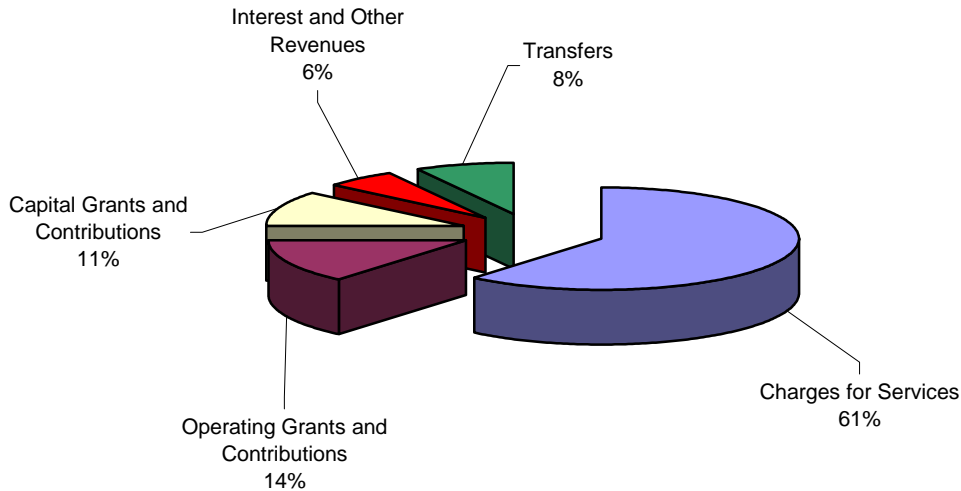
Business-type activities increased the County's net assets by \$10,592,593, accounting for 15.2 percent of the total growth in the government's net assets. Key elements of this increase are as follows:

- The Refuse Disposal fund generated \$4,153,254 in net assets due to the net effect of an established budgeted operating surplus necessary to cover anticipated future costs and the stabilization of operating expenses.
- During the fiscal year, Daytona Beach International Airport (DBIA) received \$2,214,654 from a Federal Aviation Administration innovative financing grant.
- DBIA received \$3,380,000 from an investment firm as the final two installments of a forward purchase agreement on the Airport revenue bonds which is included within interest revenues on the Statement of Net Assets.

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 2005, the County's governmental funds reported combined ending fund balances of \$292,816,116, an increase of \$92,385,507. *Unreserved, undesignated fund balance* of \$107,850,719 is available for spending at the County's discretion; \$13,632,843 is designated as emergency reserves and \$11,106,195 is designated for capital projects. 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 (\$39,102,970), 2) for inventories (\$1,268,305), 3) for advances to other funds (\$1,996,748), 4) to pay debt service (\$2,703,966), 5) for capital projects (\$112,188,798), 6) for employee receivables (\$273,294), and 7) for long-term notes receivable (\$2,692,278). The general, municipal service district, Ocean Center expansion, bond funded road program, FEMA – hurricane grants, and federal and state grants funds are reported as major funds in the basic financial statements.

The general fund is the chief operating fund of the County. At the end of fiscal year 2005, unreserved fund balance of the general fund was \$44,671,582, while total fund balance reached \$49,055,180. 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 29.5 percent of

the total general fund expenditures, while total fund balance represents 32.4 percent of that same amount. A restatement of the general fund's 2004 fund balance occurred in fiscal year 2005 in the amount of \$114,965. Please see Note 2 for the details of this restatement.

The fund balance of the County's general fund increased by \$7,837,791 during the current fiscal year. This increase is mainly attributed to an increase in tax revenues of \$16,805,970 and charges for services of \$4,750,867 over fiscal year 2004, offset by expenditure increases in general government, public safety, culture/recreation activities, and transfers out.

The municipal service district fund accounts for the fiscal activity of the resources generated by any municipal-type services rendered to the citizens and taxpayers of the County's unincorporated areas. Its fund balance of \$9,263,417 is an increase of \$2,617,468 from the prior fiscal year. There were increases to each of the major categories of revenues, which more than offset the increases in expenditures.

The Ocean Center expansion project fund is in its second year. In fiscal year 2004, the County issued \$64,710,000 in Tourist Development Tax revenue bonds to provide resources for the construction project. During the 2005 fiscal year the fund received interest revenues of \$1,252,326 and incurred expenditures of \$4,218,760 for beginning project costs. The ending fund balance is \$55,828,784.

Early in the year, the County issued \$64,215,000 in gas tax revenue bonds to finance several road, bridge, and other transportation improvements. The bond funded road program represents a portion of the County's 5-Year Road Program whose projects were selected based on input from the cities with emphasis on those projects that support economic development. Its initial ending fund balance is \$65,708,617.

The FEMA – hurricane grants fund was created to account for federal and state funds that were received to assist in paying for the costs related to damage caused by three major hurricanes that impacted the area within a six week period in fiscal year 2004. Total expenditures for the year amounted to \$13,070,215.

The federal and state grants fund balance of \$6,740,572 represents an increase of \$3,199,856 from last fiscal year. This 90.4 percent increase is mainly attributed to a \$500,000 County match for the new library construction grant and a \$2,484,151 County match on the Port Authority Beach Erosion Grant.

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:

Proprietary Fund	Unrestricted Net Assets	
	2005	2004
Enterprise Funds		
Refuse disposal	\$ 4,938,050	\$ 1,260,025
Daytona Beach International Airport	6,116,902	5,765,282
Volusia Transportation Authority	326,888	2,482,239
Water and sewer utilities	9,647,423	11,039,829
Garbage collection	1,184,707	294,261
Total	\$ 22,213,970	\$ 20,841,636
Internal Service Funds	\$ 8,274,707	\$ 4,232,949

General Fund Budgetary Highlights

Differences between the general fund's original budget and final amended budgeted expenditures were \$2,385,115. These changes resulted from the following:

- Increase in general governmental activities of \$480,196 resulting from the adjustment of reserves and additional funding for city elections.
- Increase in public safety activities of \$1,156,199 to cover equipment purchased for the Sheriff, the corrections clinic, and fire services.
- Increase in economic environment activities of \$748,720 for DeLand Crossings infrastructure.

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

- Facilities services expenditures were \$3,920,156 less than budget. This expenditure variance was caused by delays in projects for HVAC systems, security, and various renovations.
- General government nondepartmental expenditures were \$13,438,732 less than budget. This amount represents reserves for emergencies and future periods.
- Public safety nondepartmental expenditures were \$2,511,261 less than budget. This variance represents funds held for juvenile justice pre-disposition detention and miscellaneous project savings.
- Economic development expenditures were \$3,980,719 less than budget. This variance represents funds held for economic development projects and grants-in-aid to county businesses which have not yet been granted.

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, 2005 amounts to \$600,380,862 (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 3.8 percent (a 5.3 percent increase for governmental activities and a 0.4 percent increase for business-type activities).

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

- Construction continued on several of the County's capital projects including the Ocean Center expansion, Spruce Creek Park improvements, and Green Springs Park development. In addition, the Historic Courthouse renovation and Halifax Fire Station projects were completed during the fiscal year. When combined, construction in progress for governmental activities increased to \$7,148,019, at the close of the fiscal year.
- Funds received from the sale of the Marine Commerce Park in fiscal year 2004 were used to purchase 2.94 acres of beach land during fiscal year 2005. The newly acquired land will be used to provide additional off-beach parking, pedestrian beach access, and restrooms.

- Several road projects are underway resulting in an increase in construction in progress – infrastructure of \$18,845,523. Depreciation for the year amounted to \$9,905,336 causing the infrastructure net assets to drop by \$9,306,385.
- Construction continued on Phase I and Phase II of the perimeter road project at the Daytona Beach International Airport (DBIA). The County expended \$2,261,213 during the year on this project, increasing the construction in progress to \$2,846,949 at the end of the year for this project.
- The Transportation Security Administration (TSA)/Volusia Room construction project at DBIA was completed during the year. This project provided TSA with needed office facilities within the airport terminal. Project costs during the fiscal year amounted to \$1,637,727.
- The Refuse Disposal fund spent \$1.6 million on additional capital equipment during the fiscal year.
- Installation of approximately \$1.3 million of sewer lines for the Southwest Activity Center was completed during the year. This addition along with construction of other Water and Sewer Utility projects increased improvements other than buildings from \$52,512,773 to \$57,154,299.

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

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land	\$ 76,808,943	\$ 72,377,679	\$ 35,837,771	\$ 35,837,771	\$ 112,646,714	\$ 108,215,450
Buildings	146,279,870	140,149,596	14,655,230	15,629,003	160,935,100	155,778,599
Improvements other than buildings	10,503,108	11,267,840	107,579,080	108,335,001	118,082,188	119,602,841
Leasehold improvements	184,704	211,247	-	-	184,704	211,247
Equipment	37,780,539	35,926,844	14,680,649	15,000,536	52,461,188	50,927,380
Infrastructure	105,798,431	115,104,816	-	-	105,798,431	115,104,816
Construction in progress	7,148,019	5,551,197	3,837,049	1,069,896	10,985,068	6,621,093
Construction in progress - infrastructure	39,287,469	21,995,184	-	-	39,287,469	21,995,184
Total	\$ 423,791,083	\$ 402,584,403	\$ 176,589,779	\$ 175,872,207	\$ 600,380,862	\$ 578,456,610

Additional information on the County's capital assets can be found in Note 7 on pages 80-82 of this report.

Long-term bonded debt

At the end of fiscal year 2005, the County had total bonded debt outstanding of \$287,360,000. The amount represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

**County of Volusia, Florida
 Outstanding Bonded Debt
 Revenue and Other Bonds**

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenue bonds	\$238,905,000	\$183,465,000	\$48,455,000	\$50,305,000	\$287,360,000	\$233,770,000
Total	\$238,905,000	\$183,465,000	\$48,455,000	\$50,305,000	\$287,360,000	\$233,770,000

The County's outstanding bonded debt increased by \$53,590,000 or 22.9 percent during fiscal year 2005. The key factor in this increase was a new bond issue of \$64,215,000 exceeding the scheduled principal retirements of \$10,315,000 and an additional \$310,000 in optional redemptions of debt.

Additional information on the County's debt can be found in Note 8 on pages 83-92 of this report.

Economic Factors and Next Year's Budgets and Rates

- At September 30, 2005, the unemployment rate for the County decreased to 3.4 percent, compared to 5.0 percent in 2004.
- The taxable value of commercial and residential property increased 20.5 percent in the 2005 fiscal year compared to 12.3 percent for the prior year.
- Population increased approximately 2.2 percent from the prior fiscal year to 494,649 at September 30, 2005.

At September 30, 2005, unreserved and undesignated fund balance in the general fund amounted to \$34,577,616. The County has appropriated \$24,811,568 of this amount for spending in the 2006 fiscal year budget. The ad valorem tax rate for the general fund was decreased by .30 mills or \$8.6 million for the 2006 fiscal year budget.

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>.