

**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED
BY CHAPTER 10.550, RULES OF THE STATE OF FLORIDA
OFFICE 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 , Florida (the County), as of and for the fiscal year ended , and have issued our report thereon dated March 18, 2014. We did not audit the financial statements of the Clerk of the Circuit Court, County of Volusia, Florida which represents ninety-five percent and ninety-seven 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, 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; OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*; Chapter 10.550, Rules of the Florida Auditor General; and *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and Report 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 March 18, 2014, should be considered in conjunction with this management letter.

In addition, separate audits were performed on the Halifax Area 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.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports or schedule:

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. No finding or recommendations remain uncorrected from the second preceding fiscal year. The following is a summary of prior year recommendations:

Comments 2012-01, 2012-02, 2012-03 – See Schedule of Findings and Questioned Costs.

2012-04 Impact Fee Credits – Corrective action taken.

121 Executive Circle
Daytona Beach, FL 32114-1180
Telephone: 386/257-4100
Fax: 386/255-3261
dab@jmco.com

5931 NW 1st Place
Gainesville, FL 32607-2063
Telephone: 352/378-1331
Fax: 352/372-3741
gnv@jmco.com

2477 Tim Gamble Place, Suite 200
Tallahassee, FL 32308-4386
Telephone: 850/386-6184
Fax: 850/422-2074
tlh@jmco.com

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Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include 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 complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we noted the following recommendation:

2013-006 Utility Service for Orange City Customers: During our audit, we noted the County is unable to shut off services due to non-payment for approximately 20 Orange City customers to whom the County only provides sewer-related services. These customers reside in a privately-owned, 168-unit mobile home community that receives water service from the City of Orange City and are billed for the water service by the City through a master meter located at the entrance to the mobile home park. The individual meters for each residence are owned by the park to register individual water use and read by the County to bill for sewer service. While the City has the ability to shut off the master meter for non-payment of water service, the County is unable to discontinue sewer service for non-payment. We recommend the County establish an agreement with the City of Orange City so the collection of the County's sewer charges for these Orange City customers can be more effectively enforced.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

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

Section 10.554 (1)(i)6.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the County did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Section 10.554(1)(i)6.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the County for the fiscal year ended , filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended . In connection with our audit, we determined these two reports were in agreement.

Pursuant to Sections 10.554(1)(i)6.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. 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 same. This assessment was made as of the fiscal year ended .

The County's response to the findings identified in our audit is described in the accompanying Management Responses to the Auditors' Report on Internal Control. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Our management letter is intended solely for the information and use of the Florida Auditor General, County Council, management, others within the County, 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
March 18, 2014

