

COUNTY OF VOLUSIA, FLORIDA



VOLUNTEERS



Volusia County
FLORIDA

TAKING THE TIME,
MAKING A DIFFERENCE



**ANNUAL FINANCIAL REPORT SUMMARY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**



March 21, 2011

It is a pleasure to present the second issue of the *County of Volusia, Florida Annual Financial Report Summary for the fiscal year ended September 30, 2010*. It represents a brief presentation of financial information and activities of the County, but excludes discretely presented component units. Since the *Annual Financial Report Summary* contains simplified information, it does not conform to Generally Accepted Accounting Principles (GAAP) for governmental entities.

Information contained in this *Annual Financial Report Summary* was derived from the audited *County of Volusia, Florida Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2010*. The CAFR consists of over 250 pages of detailed financial statements, notes, schedules, and reports and is published online at www.volusia.org/finance. The Government Finance Officers Association has awarded the County the Certificate of Achievement for Excellence in Financial Reporting for the CAFR, an ongoing tradition since the County received its first award in 1977.

Fiscal policy is established by the County Council, implemented by County management and includes sound management and fiscal practices, continued vigilance in long range monitoring of revenue and expense trends, maintaining strong reserve balances, and a conservative approach to debt management. I would like to thank the County Manager, County Chair, and County Council for their leadership and support in planning the financial operations of the County in a responsible and progressive manner.

Our cover this year is dedicated to the many citizen volunteers who contribute their time and talent to various operations of county government. In these challenging fiscal times, volunteers aid in improving our services with enthusiasm, extra resources, and additional skills while working side by side with our dedicated employees. I want to thank them for their service to our community.

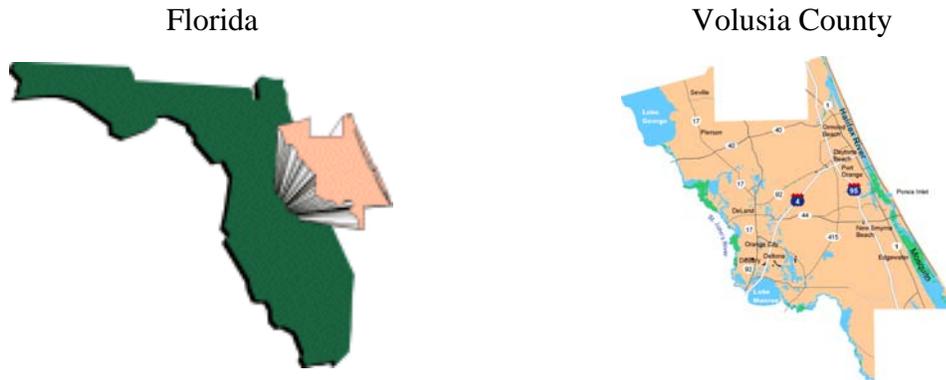
Sincerely,

A handwritten signature in black ink that reads "Charlene Weaver". The signature is written in a cursive, flowing style.

Charlene Weaver, CPA
Deputy County Manager/Chief Financial Officer

The County and its Organization

Volusia County is located in the east-central region of the State of Florida and bordered by the Atlantic Ocean. Volusia County is approximately 40 miles northeast of the City of Orlando and approximately 200 miles from Tallahassee, Florida's capital.



Volusia County was established in 1854 and became the 30th county in the State of Florida. In June 1970, the electorate of Volusia County adopted a Home Rule Charter, effective January 1, 1971. The County operates under a Council/Manager form of government. The promulgation and adoption of policy are the responsibility of the seven-member council and the execution of such policy is the responsibility of the council-appointed County Manager. The Council is elected on a non-partisan basis. Voters elect the County Council which consists of seven members that serve four-year terms. Five are elected by district; the County Chair and the At-Large representative are elected countywide.

Principal County Officials

COUNTY COUNCIL

Volusia County operates under a Council/Manager form of government. The promulgation and adoption of policy are the responsibility of the seven-member council. Board members at fiscal year-end were:

Frank T. Bruno, Jr., County Chair

Joie Alexander, Vice-Chair	Council Member At-Large
Andy Kelly	District No. 1
Joshua J. Wagner	District No. 2
Jack H. Hayman	District No. 3
Carl G. Persis	District No. 4
Patricia Northey	District No. 5

ELECTED OFFICIALS

Constitutional officers are elected officials responsible for specifically designated functions of County government. The elected officials at year-end were:

Ben F. Johnson	Sheriff
Ann McFall	Supervisor of Elections
Morgan B. Gilreath, Jr.	Property Appraiser

APPOINTED OFFICIALS

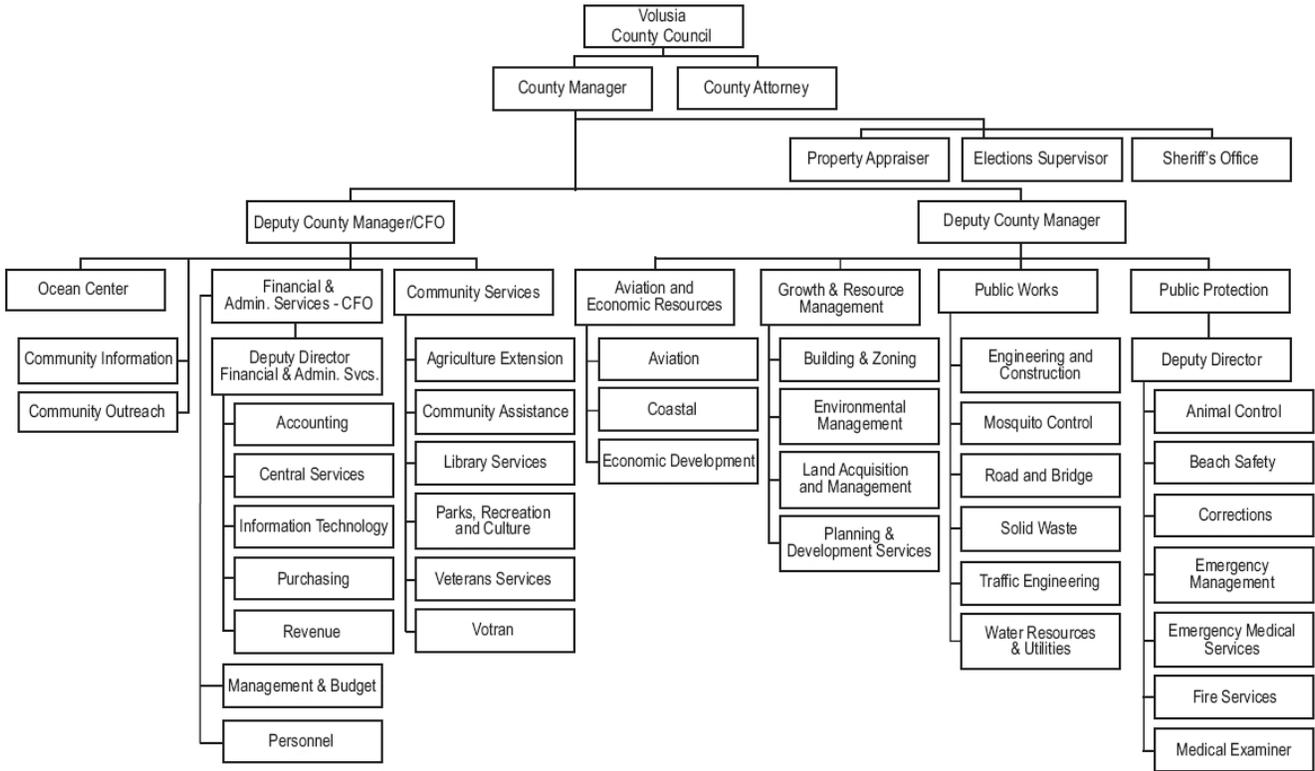
The council appoints the County Manager and the County Attorney.

James Dinneen	County Manager
Daniel Eckert	County Attorney

The County Manager appoints Deputy County Managers.

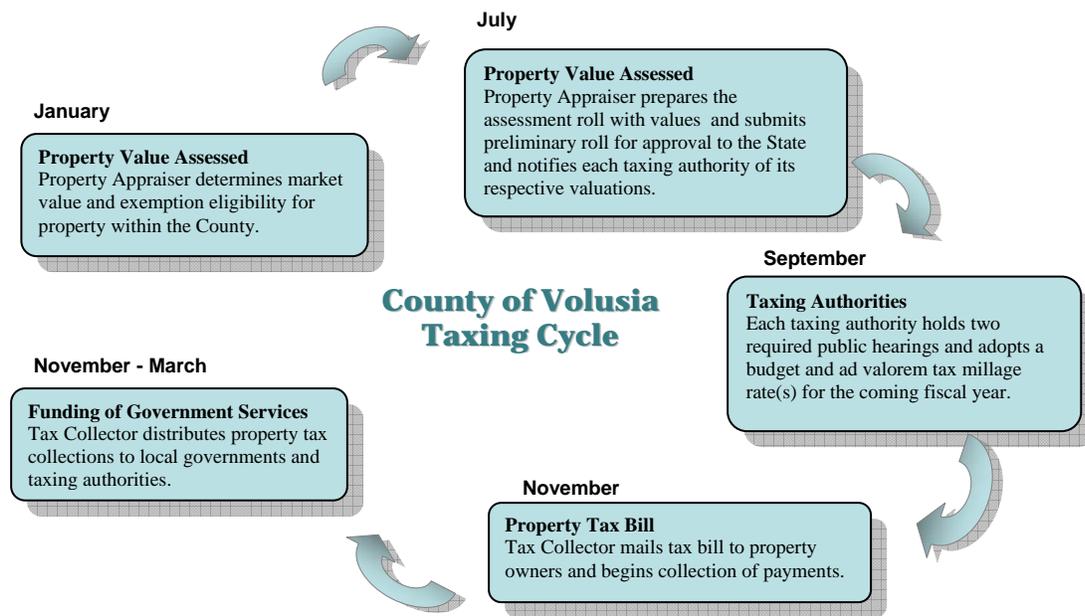
Charlene S. Weaver, CPA, CFO	Mary Anne Connors
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Volusia County Organizational Chart



Annual Budget

The County must prepare an annual budget authorizing the spending of public funds. State law requires the County have a balanced budget that can only be amended through the fiscal year with approval of the County Council. Prior to October 1 of each year, the annual budget is legally adopted. Planning and preparation of the budget begins many months prior to its adoption. Two public hearings are held, usually in September, to illicit comments and feedback from County citizens concerning the proposed budget and tax rates.



Revenues

Comparison of Revenues Between Fiscal Years 2010 and 2009

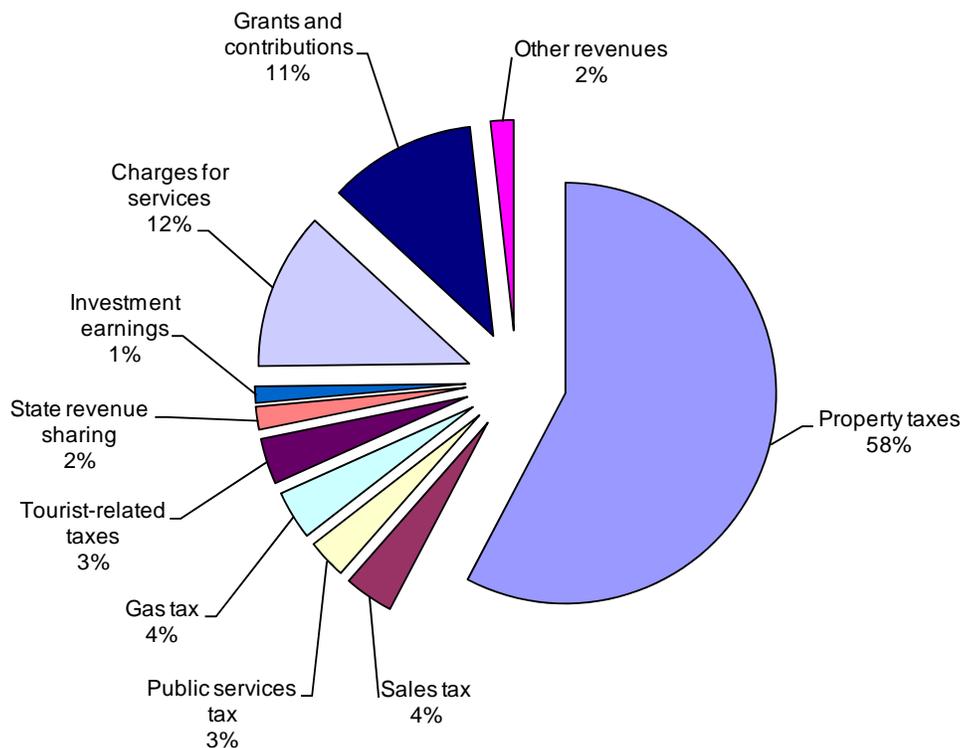
(Amounts in Millions)	<u>Fiscal Year 2010</u>	<u>Fiscal Year 2009</u>	<u>Increase (Decrease)</u>
Governmental activities:			
Property taxes	\$ 228	\$ 236	\$ (8)
Sales tax	15	15	0
Public services tax	12	11	1
Gas tax	15	15	0
Tourist-related taxes	14	14	0
State revenue sharing	6	6	0
Investment earnings	5	13	(8)
Charges for Services	48	50	(2)
Grants and contributions	47	54	(7)
Other revenues	4	4	0
Total governmental activities	<u>394</u>	<u>418</u>	<u>(24)</u>
Business-type activities:			
Refuse disposal	14	16	(2)
Daytona Beach International Airport	14	16	(2)
Volusia Transportation Authority	18	10	8
Water and sewer utilities	13	12	1
Parking garage	2	2	0
Garbage collection	8	6	2
Total business-type activities	<u>69</u>	<u>62</u>	<u>7</u>
	<u>\$ 463</u>	<u>\$ 480</u>	<u>\$ (17)</u>

Revenues – Governmental Activities

Governmental Activities are primarily supported by taxes, state shared revenues, or grants. These activities include the following functional areas: general government, public safety, physical environment, transportation, economic environment, health and social services, and culture/recreation. Revenues for the governmental activities decreased by \$24 million or 5.9 percent when compared to fiscal year 2009. Property tax revenues declined by nearly \$7.6 million largely due to the decrease in property values upon which they are based. Because of declines in the financial markets, investment interest rates declined from an average of 2.61% a year ago to an average of 1.21%, causing an \$8.3 million drop in interest revenue compared to last year.

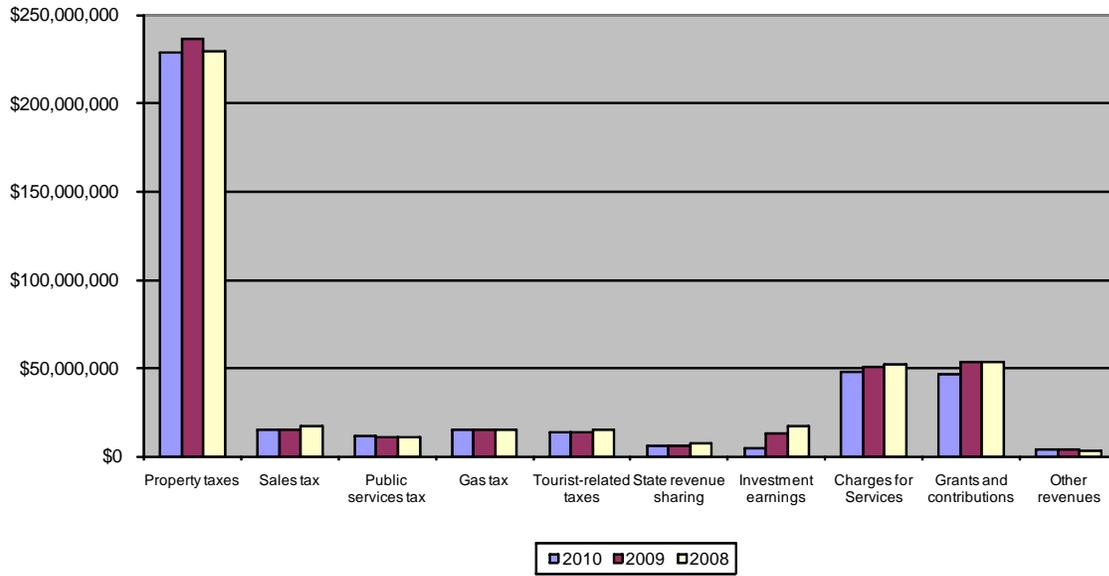
Charges for services were down \$2.3 million primarily due to the reduction in tax collector's fees which are based upon property tax collections and to the elimination of a contract between the County and a local municipality to provide fire protection services. In addition, operating and capital grants and contributions were lower by \$7.3 million because of one-time grants received in 2009 of approximately \$5.9 million in road improvement grants and \$1.4 million in public safety grants related to reimbursement for disaster recovery costs that were not repeated in 2010.

Revenues by Source



Revenues – Governmental Activities

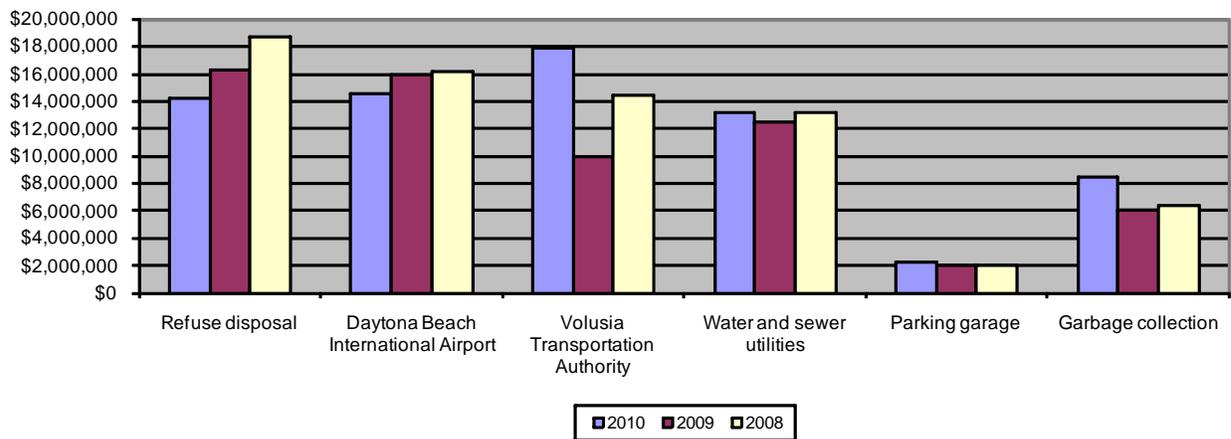
Comparison of Revenues by Source-Last Three Fiscal Years



Revenues – Business-Type Activities

Business-type Activities are supported by fees and user charges that are set to recover the cost of services provided. Business-type activities consist of the Refuse disposal, Daytona Beach International Airport, Volusia Transportation Authority (VOTRAN), Water and sewer utilities, Parking garage (beach side), and Garbage collection. Revenues for the County’s business-type activities increased by \$7.6 million or 12.2 percent, when compared to last year. This increase is comprised of a \$2.2 million increase in charges for services and a \$5.8 million increase in operating and capital grants. VOTRAN received an additional \$6.4 million American Recovery and Reinvestment Act grant that was utilized to purchase fourteen hybrid and five diesel buses. The garbage collection fund realized a boost of \$2.4 million when the residential collection fee was increased from \$130 to \$190 per year, per household.

Comparison of Revenues by Business-type Activity-Last Three Fiscal Years



Expenses

Comparison of Expenses Between Fiscal Years 2010 and 2009

(Amounts in Millions)	Fiscal Year <u>2010</u>	Fiscal Year <u>2009</u>	Increase (Decrease) <u></u>
Governmental activities:			
General government	\$ 68	\$ 66	\$ 2
Public safety	139	142	(3)
Physical environment	7	7	0
Transportation	29	29	0
Economic environment	20	20	0
Human services	23	21	2
Culture/recreation	52	53	(1)
Interest on long-term debt	10	10	0
Total governmental activities	<u>348</u>	<u>348</u>	<u>0</u>
Business-type activities:			
Refuse disposal	15	20	(5)
Daytona Beach International Airport	15	16	(1)
Volusia Transportation Authority	22	21	1
Water and sewer utilities	12	12	0
Parking garage	2	2	0
Garbage collection	7	7	0
Total business-type activities	<u>73</u>	<u>78</u>	<u>(5)</u>
Total Expenses	<u>\$ 421</u>	<u>\$ 426</u>	<u>\$ (5)</u>

Expenses – Governmental Activities

Governmental Activities expenses are grouped and reported by functional area. These functional areas include:

General government includes the county council, county manager, county attorney, elections, property appraiser, growth management commission, judicial, financial, facilities, and information technology expenses.

Public safety includes the costs for sheriff, corrections, emergency management, fire services, medical examiner, emergency medical services, and building, zoning and code administration operations.

Physical environment includes expenses associated with conserving and managing natural resources such as air, water, soil, wildlife, as well as controlling pollution.

Transportation includes expenses for roads, bridges, street lighting, storm water systems and other infrastructure, and highway safety operations and projects.

Economic environment includes expenses related to new business promotion and development, housing assistance and rehabilitation programs, and veterans' services.

Human services includes expenses for services such as public health care for the poor, public assistance, care for children and the elderly, social services, as well as animal and mosquito control.

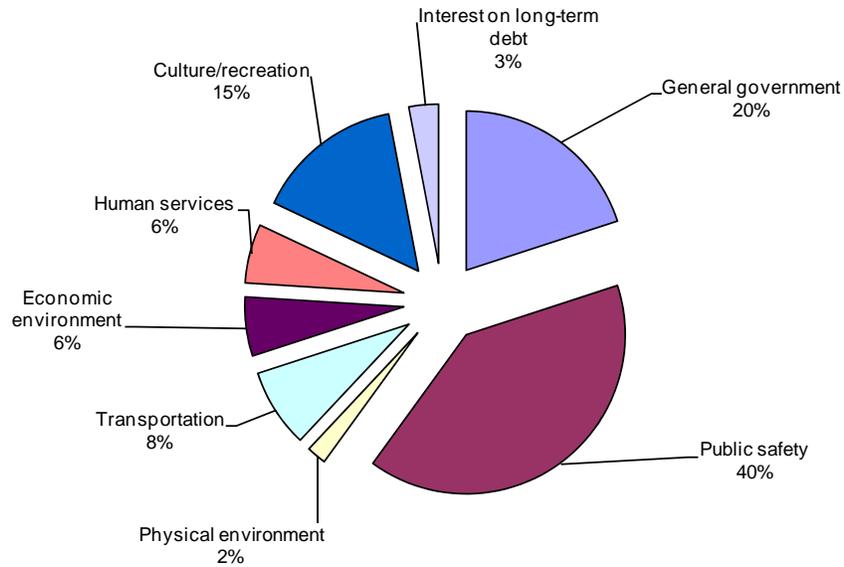
Culture/recreation expenses include costs related to libraries, parks, and recreational facilities.

Interest on long-term debt includes costs related to interest expense for various bonds issued for capital improvement projects.

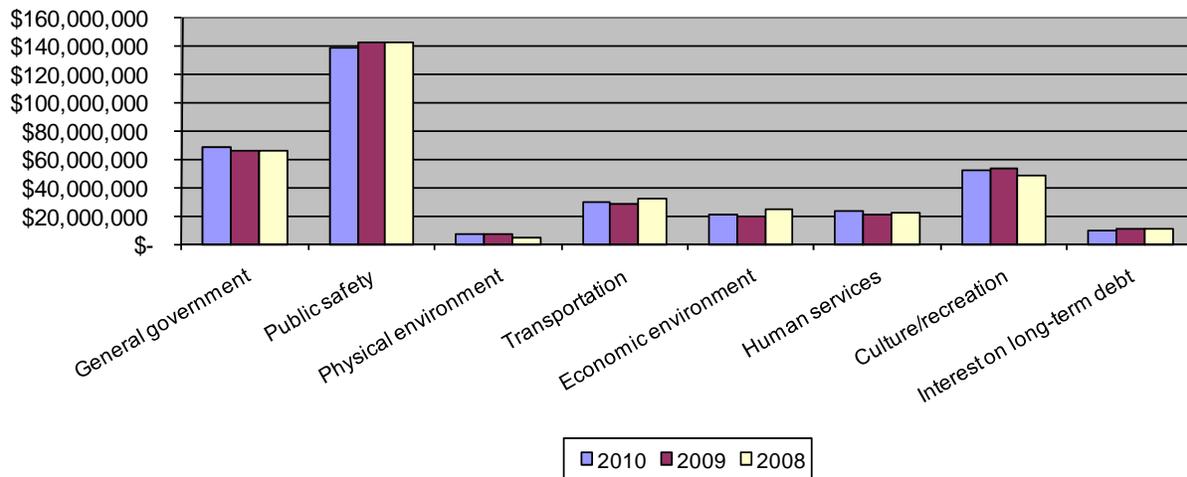
The cost of all governmental activities remained fairly flat, increasing by \$.4 million when compared to the previous year. General government expenses increased primarily due to non-capitalized HVAC and roof replacements at various large County facilities. Human services increased due to expenditures of grant awards. The remaining functional areas experienced either no change or a decrease resulting from the County's continuing efforts to limit or reduce its operating costs.

Expenses – Governmental Activities

Expenses by Function/Program



Comparison of Expenses by Function/Program-Last Three Fiscal Years

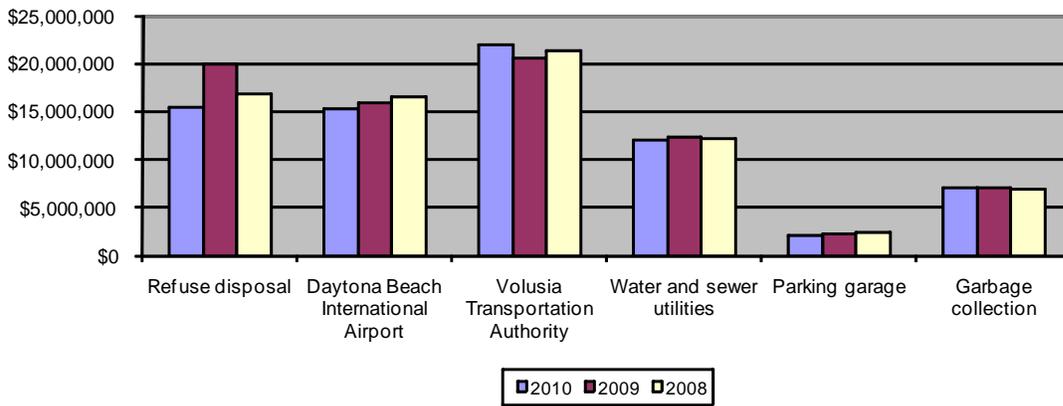


Expenses – Business-Type Activities

Business-type Activities expenses for 2010 decreased by \$5 million or 5.6 percent when compared to 2009. Most of the business-type activities lowered their operations spending based upon prior year’s results and in anticipation of potential reductions in operating revenues and grants.

The refuse disposal activity experienced the greatest reduction in expenses. This reduction is made up of the following: the pollution remediation liability was adjusted by approximately \$.2 million compared to last year’s adjustment of \$1.6 million; the landfill closure adjustment for the current fiscal year was \$.4 million, compared to \$1.2 million; and on-call landfill monitoring services were lower by approximately \$2.1 million. The remaining activities experienced little or no increase.

Comparison of Expenses by Business-type Activities-Last Three Fiscal Years



Balance Sheet

The balance sheet shows the financial position of the County on the last day of the fiscal year. Restricted net assets represent equity that may be used only as specified by debt covenants, grantors, laws or regulations, other governments, or other external restrictions.

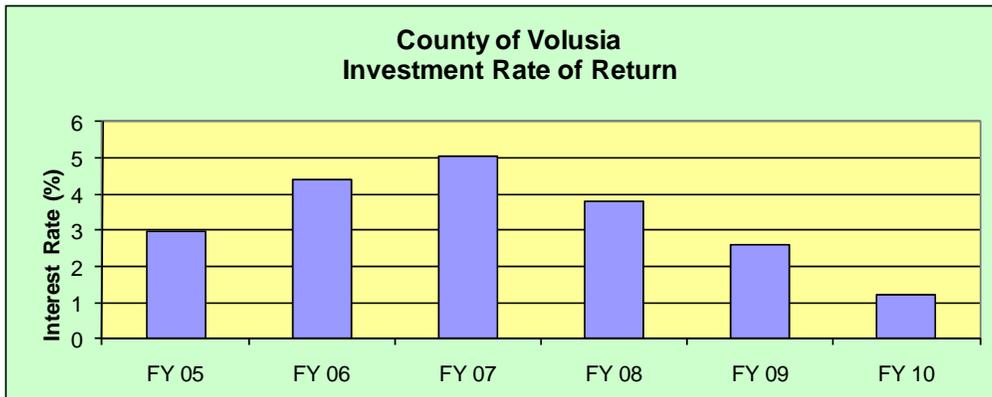
September 30, 2010			
(Amounts in Millions)			
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 384	\$ 54	\$ 438
Due from state/federal governments	24	3	27
Receivables and other current assets	12	3	15
Capital assets, net of depreciation	675	220	895
Other noncurrent assets	0	4	4
	1,095	284	1,379
LIABILITIES			
Accounts and contracts payable	12	3	15
Accrued interest payable and liabilities	4	1	5
Notes and bonds, due within one year	25	5	30
Other current liabilities	17	2	19
Notes and bonds, due in more than one year	211	56	267
Other long-term liabilities	51	28	79
	320	95	415
NET ASSETS (Equity)			
Invested in capital assets, net of debt	463	158	621
Net assets, restricted	143	8	151
Net assets, unrestricted	169	23	192
Total net assets	\$ 775	\$ 189	\$ 964

Cash & Investments

The County manages its investment portfolio with the primary objectives of safe-guarding principal, ensuring liquidity to meet daily cash needs, and maximizing investment earnings with statutory and fiduciary constraints. For fiscal year 2010, the investment pool had an overall average annual rate of return of 1.21%. At September 30, 2010, the County investment portfolio was invested as shown below.

	Amount in Millions	Percentage of Total
U.S. Government Sponsored Agency Securities	\$ 209	51
Corporate Notes - FDIC Insured	115	28
Government-only Money Market Mutual Funds	86	21
	<u>\$ 410</u>	<u>100</u>

This chart shows the County's rate of return on investments over the last six years. For safety and flexibility, the County maintains a short overall weighted average maturity on its cash and investments.



The County maintains a single-employer defined benefit pension plan for volunteer firefighters meeting minimum County-established standards for eligibility. Funds are maintained in a separate investment plan as shown below.

	Amount in Millions	Percentage of Total
Mutual funds	\$ 1.6	64
Stocks	0.9	36
	<u>\$ 2.5</u>	<u>100</u>

Long-Term Debt

The County issues debt only for the purposes of constructing or acquiring capital improvements or for making major renovations to existing capital assets. Financing in the form of long-term notes for the acquisition of major equipment is also allowed provided there is cost justification to do so. All capital improvements financed through the issuance of debt are financed for a period not to exceed the useful life of the improvements, but in no event exceed thirty years. Revenue sources are only pledged for debt when legally available. In those situations where the revenue sources have previously been used for general operating expenditures, they are only pledged for debt when other sufficient revenue sources are available to replace them.

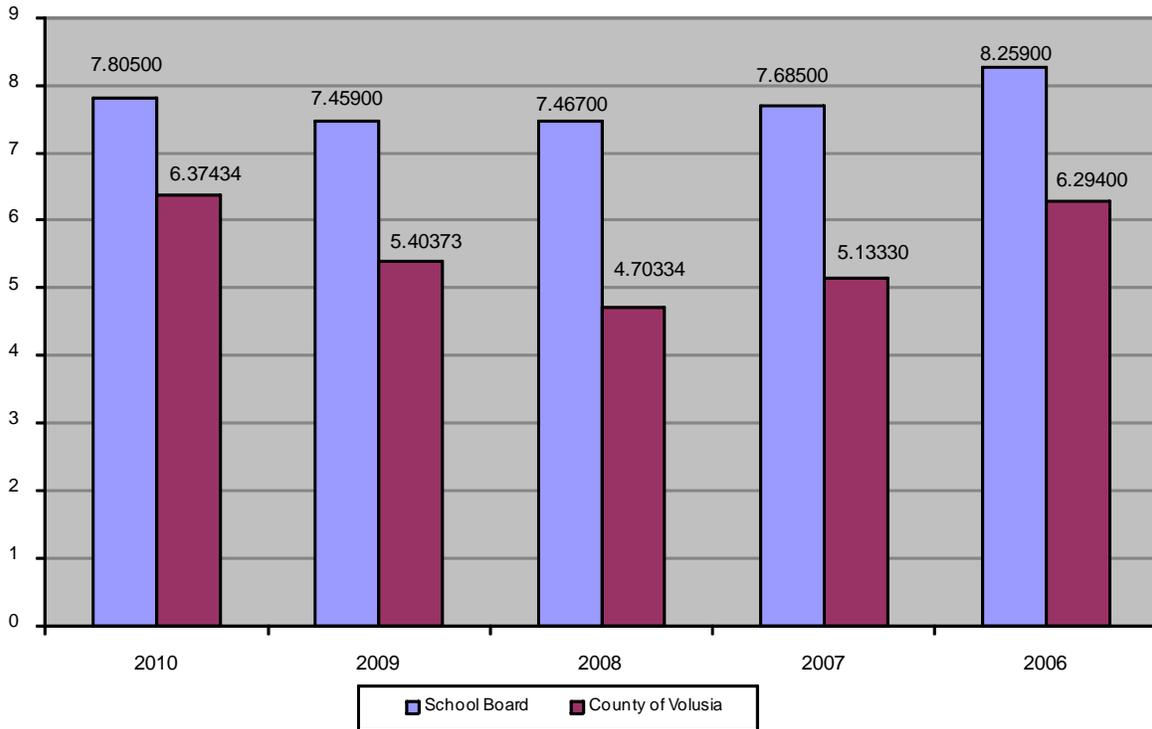
Overall, the County lowered the amount of its outstanding debt by \$23.0 million. The County issued no new bonded debt in fiscal year 2010. Its outstanding bonded debt decreased by \$20.1 million, or 7.0 percent, during fiscal year 2010. The key factors in this decrease were scheduled principal retirements and an optional redemption in the amounts of \$13.9 and \$6.2 million, respectively.

A comparison of the amount of long-term debt owed at the end of fiscal year 2010 to the same time period in 2009 is presented below.

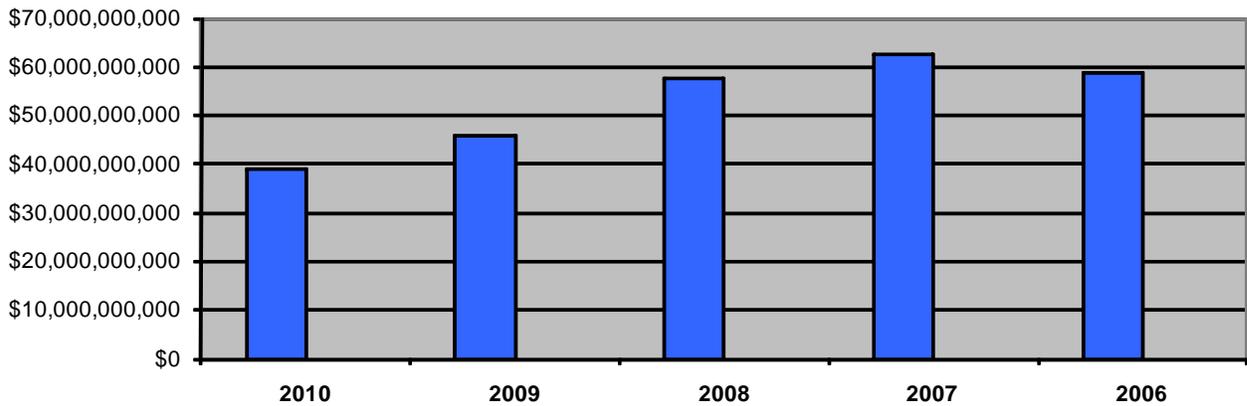
(Amounts in Millions)	Fiscal Year 2010	Fiscal Year 2009	Increase (Decrease)
Bonds payable:			
Revenue bonds	\$ 234	\$ 252	\$ (18)
General obligation bonds	32	34	(2)
Deferred amounts (plus issuance premiums, less discounts and costs)	(9)	(9)	-
Total bonds payable	<u>257</u>	<u>277</u>	<u>(20)</u>
Notes payable	40	43	(3)
Total long-term liabilities	<u><u>\$ 297</u></u>	<u><u>\$ 320</u></u>	<u><u>\$ (23)</u></u>

Property Taxes and Assessed Value

**Property Tax Millage Rates for the County of Volusia and School Board
Last Five Fiscal Years**

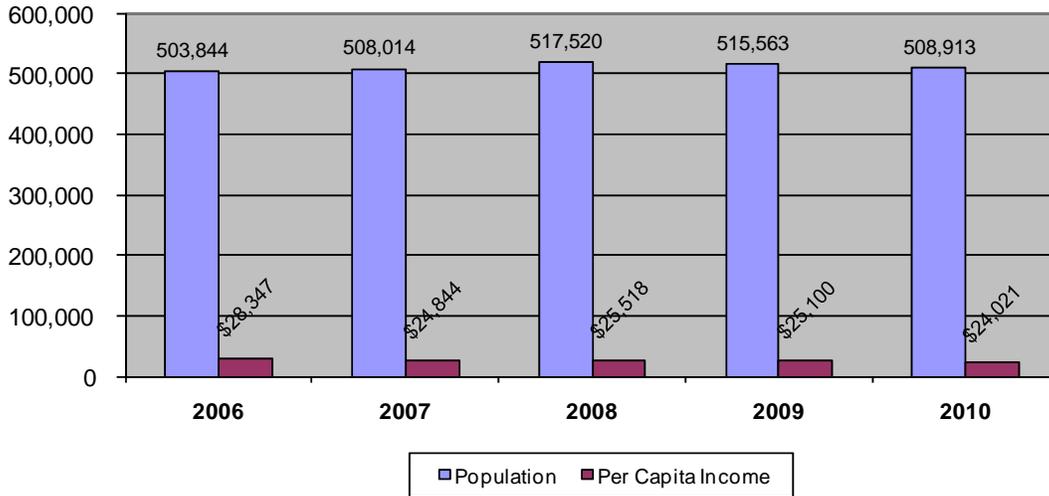


Total Assessed Value of Taxable Property



Demographics

Comparison of Population and Per Capita Income Last Five Fiscal Years



Ten Largest Employers in Fiscal Year 2010

Employer	Number of Employees	Percent of Total Employment
Volusia County School Board	8,080	3.19
Florida Hospital - All Divisions	4,248	1.68
Halifax Health	3,957	1.56
County of Volusia	3,280	1.30
Wal-Mart Stores Incorporated	3,160	1.25
Publix Supermarkets Incorporated	2,486	0.98
State of Florida	2,361	0.93
Daytona State College	1,797	0.71
U.S. Government	1,422	0.56
Embry Riddle Aeronautical University	1,176	0.46
Total	31,967	12.62 %

Interesting facts

Did you know.....

- ⓐ Volusia County has 2 state parks located in the western area of the county (Blue Springs and DeLeon Springs) that have swimming and recreation in and around fresh water springs
- ⓐ Volusia County has 54 county parks that total 11,220 acres
- ⓐ Volusia County has 47 miles of beaches on the Atlantic Ocean
- ⓐ The County has acquired nearly 40,000 acres through its Forever and other land acquisition programs to be set aside as preservation areas
- ⓐ Volusia County is one of the few places you are able to drive on the beach
- ⓐ Volusia County has a Marine Science Center that includes rehabilitation services for sea turtles and birds along with offering tours and educational opportunities for all ages
- ⓐ The Ocean Center located in Daytona Beach, 400 feet from the Atlantic Ocean, includes 164,000 square feet of interior exhibit space and a 9,600 seat, 42,000 square foot arena
- ⓐ Volusia County has 978 miles of paved roads and 279 miles of bike paths and sidewalks
- ⓐ 504,884 tons of solid waste were processed last year
- ⓐ Daytona Beach International Airport had 3,604 scheduled flights last year

