

COUNTY OF VOLUSIA, FLORIDA



POPULAR ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

ACKNOWLEDGEMENTS

The successful completion of this year's Popular Annual Financial Report is attributable to the efforts of several individuals deserving of special recognition. The cooperation, contributions, and expertise provided by each one is greatly appreciated.

The Accounting team is commended for their expertise and perpetual efforts put forth in the research, analysis, and compilation of this report.

Ryan Ossowski, CPA, Accounting Director	
Lynne Urice, CGFO, Assistant Accounting Director	Shirley Liu, CPA, Senior Accountant
Jennifer Madewell, Fiscal Resource Manager	Svetlana Ries, Accountant
Terri Ruegger, CGFO, Fiscal Resource Manager	Myriam Lemay, CTP, Activity Project Manager
Tiffany Alvarez, Administrative Coordinator	Jaime Osipower, Senior Accounting Clerk

Additional Acknowledgements:

Rhonda Orr, CGFO, Department Director of Business Services
Tammy Bong, Department Director of Budget and Administrative Services
Roger Wittenberg, Special Projects Coordinator, Finance
Wanda Lindberg, Fiscal Resource Manager, Revenue
Robert Ehrhardt, Division Director, Economic Development

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March 16, 2018

It is a pleasure to present the eighth issue of the *County of Volusia, Florida, Popular Annual Financial Report for the fiscal year ended September 30, 2017*. It represents a brief presentation of financial information and activities of the County, but excludes discretely presented component units. Since the *Popular Annual Financial Report* contains simplified information, it does not conform to Generally Accepted Accounting Principles (GAAP) for governmental entities.

Information contained in this *Popular Annual Financial Report* was derived from the audited *County of Volusia, Florida, Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2017*. The CAFR consists of over 270 pages of detailed financial statements, notes, schedules, and reports and, along with this annual report, 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.

Sincerely,

A handwritten signature in black ink that reads "Donna de Peyster". The signature is written in a cursive, flowing style.

Donna de Peyster, CPA
Deputy County Manager/Chief Financial Officer



Government Finance Officers Association

**Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting**

Presented to

**County of Volusia
Florida**

For its Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Morill
Executive Director/CEO

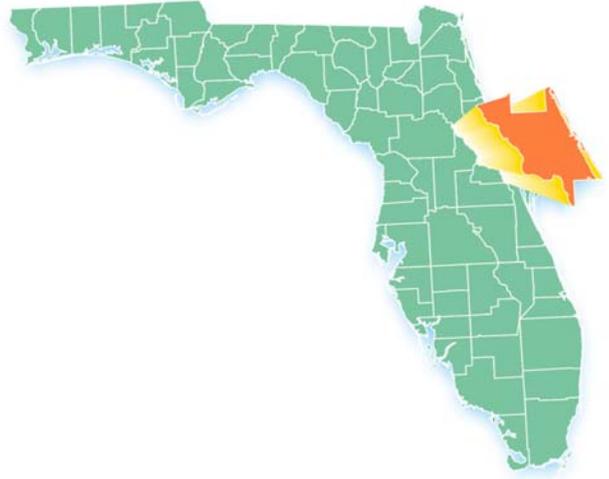
The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the County of Volusia, Florida for its Popular Annual Financial Report for the fiscal year ended September 30, 2016. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to the GFOA for consideration.

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.

The County provides a full range of services, including public protection; highway, street, and other infrastructure construction and maintenance; growth management; conservation and resource management; economic development; health and human welfare assistance; and recreational activities and cultural events. In addition, the County operates a water and sewer system, an international airport, a public transportation system, a parking garage, a garbage collection program, and a refuse disposal system.

Volusia County Vision and Mission Statement

Vision: To be a community rich with resources and opportunities today and for generations to come.

Mission: To provide responsive and fiscally responsible services for the health, safety, and quality of life for our citizens.

Strategic Goals:

- Thriving Communities: Promote health and safety, provide services to meet needs of citizens, and practice stewardship of the environment.
- Economic and Financial Vitality: Achieve strong economic health tied to job growth, industry balance, and financial soundness.
- Excellence in Government: Foster partnerships to deliver exceptional services.

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:

Ed Kelley, County Chair

Deborah Denys
Joyce M. Cusack
Pat Patterson
Billie Wheeler
Heather Post
Dr. Fred Lowry

District No. 3, Vice Chair
Council Member At-Large
District No. 1
District No. 2
District No. 4
District No. 5

ELECTED OFFICIALS

Elected officials responsible for specifically designated functions of County government at year-end were:

Michael J. Chitwood
Lisa Lewis
Larry Bartlett, J.D.

Sheriff
Supervisor of Elections
Property Appraiser

APPOINTED OFFICIALS

The council appoints the County Manager and the County Attorney.

James Dinneen
Daniel Eckert

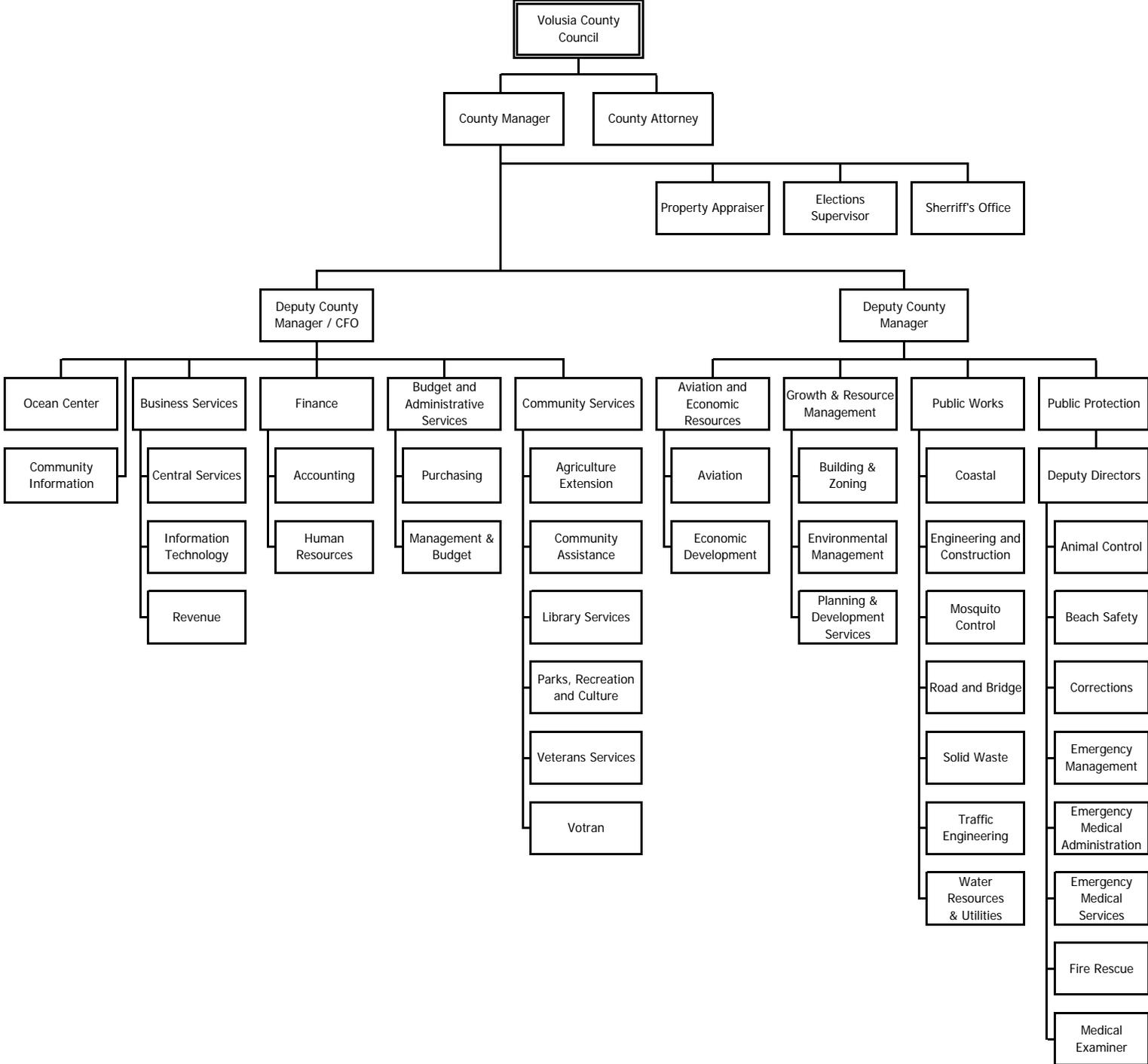
County Manager
County Attorney

The County Manager appoints Deputy County Managers.

Donna de Peyster, CPA
George Recktenwald

Deputy County Manager/CFO
Deputy County Manager

Volusia County Organizational Chart



Economic Condition of the County

Local Economy

The economy of the County continued to improve in fiscal year 2017 with gross domestic product for the Deltona-Daytona Beach-Ormond Beach Metropolitan Statistical Area (MSA) having grown by almost 15 percent from its pre-recession level in 2007. The number of unemployed residents decreased to 10,015 for November 2017 compared to 12,648 for November 2016, while the number employed over the same period increased by almost 14,823 to 250,098. The unemployment rate stood at 4.0 percent for November 2017, down from 5.2 percent one year prior.

Residential new construction permit activity increased 10.7 percent over fiscal year 2016, totaling \$573,867,913. Commercial new construction permits declined in number as compared to the prior fiscal year, but totaled \$434,574,784 in value, a 46.7 percent increase over fiscal year 2016.

Tourism leaders estimate the County attracted 9.8 million visitors in calendar year 2016 and forecast that number to remain stable in calendar year 2017 despite the negative impacts of Hurricanes Matthew and Irma on Florida's tourism industry. According to the Lodging & Hospitality Association of Volusia County, room occupancy in the County for November 2017 was 60 percent, or three percent higher compared to the same month a year prior. Countywide, average daily hotel room rates for November 2017 increased two percent year-over-year to \$109.55, and revenue per available room increased seven percent over the same period to \$65.67.

Business Expansion and Recruitment Projects

During the fiscal year ended September 30, 2017, the International Speedway Corporation (ISC) neared completion of the ONE DAYTONA shopping/dining/entertainment complex across the street from the Daytona International Speedway. Phase one of the development exceeds \$120 million and includes a Cobb Theatre multiplex, a Daytona-themed Bass Pro Shops, two hotels, and more than 250,000 square feet of retail, dining and entertainment space. The North American Development Group, of Toronto, Ontario has begun construction of a 300,000 square foot retail center in the Tomoka Town Center adjacent to the recently completed Tanger Outlet Mall in Daytona Beach.

Halifax Health completed construction of a \$12.9 million free standing Emergency Room (ER) on 30 acres in Deltona at the Interstate 4 and State Road 472 interchange and has begun construction of a new 95-bed hospital tower adjacent to the ER at an estimated cost of \$105 million. B. Braun Medical, Inc. is nearing completion of a \$100 million expansion of their existing manufacturing facility in Daytona Beach and construction of their new \$40 million distribution center/warehouse. The manufacturer has committed to create more than 200 new, high wage jobs.

The County approved performance-based financial support for business headquarter expansion projects by several local companies including TopBuild Corporation, the newest publicly traded company headquartered in the County which moved to a newly constructed \$10 million, 67,000 square foot facility in Daytona Beach. DaVita Labs, moved into their new \$30 million corporate headquarters facility in DeLand, and Magnolia River Services moved into their new regional headquarters facility in Orange City. Other local companies include: Security First Managers (Ormond Beach), Boston Whaler (Edgewater), 3D Material Technologies (Daytona Beach) and Brown & Brown (Daytona Beach). Combined capital investment by these firms is projected to exceed \$125 million, and job creation could exceed 900 new, higher wage positions (combined).

The Summit Hospitality Group is nearing completion of a \$35 million project to redevelop the former Desert Inn in Daytona Beach as a Hard Rock hotel and restaurant property, and the Hilton Daytona Beach Oceanfront Resort has completed a \$30 million renovation of its beachfront property. The Protogroup has completed a six-story parking garage in Daytona Beach on the west side of State Road A1A and has begun construction of the \$200 million Daytona Beach Convention Hotel & Condominiums which includes two 300 foot towers on the east side of State Road A1A. The \$6 million renovation of the historic Streamline Hotel in Daytona Beach is finished, and a new five-story Courtyard by Marriott Hotel is nearing completion of more than 100 new rooms in downtown DeLand. In addition, a new \$24 million, four-story Springhill Suites by Marriott has opened in New Smyrna Beach, including 114 ocean view rooms.

Housing Development Projects

Minto Communities, a Canadian residential developer began building Latitude Margaritaville, an age restricted master planned community with up to 6,900 homes in western Daytona Beach. Nearby, ICI Homes has begun construction on the 1,200-home Mosaic community and has announced plans to build a second 'full-life community' with 2,500-homes between Daytona Beach and Ormond Beach. ICI Homes is also developing the Woodhaven community in Port Orange to include 1,200-homes and a 650,000 square foot commercial center on the west side of I-95.

Geosam Capital is preparing to construct the Coastal Woods community in New Smyrna Beach east of Interstate 95 to include 1,400 homes and another shopping center. The Victoria Park housing development in DeLand continues its planned growth, and D.R. Horton is planning Victoria Oaks, a new 200 home project. Integra 289 Exchange is planning a 289-unit multi-family apartment complex near the County's SunRail station in DeBary, with plans for future retail, restaurants, and additional residential units.

Higher Education Expansion

Embry Riddle Aeronautical University (ERAU) opened the John Mica Engineering and Aerospace Innovation complex at its \$30 million 17-acre Research Park West next to the Daytona Beach International Airport (DBIA). Construction of a new wind tunnel facility is underway next to the complex. DBIA is planning to extend Taxiway Sierra 'thru the fence' in order to provide ERAU with direct airfield access from the research park. This project is considered a first of its kind joint venture between the Florida Department of Transportation (FDOT), ERAU, and the County. ERAU's investment of more than \$65 million in a new 4-story 177,000-square-foot student center is nearing completion. Daytona State College began construction of its new 84,000 square-foot \$32 million student and workforce transition center on their Daytona Beach campus.

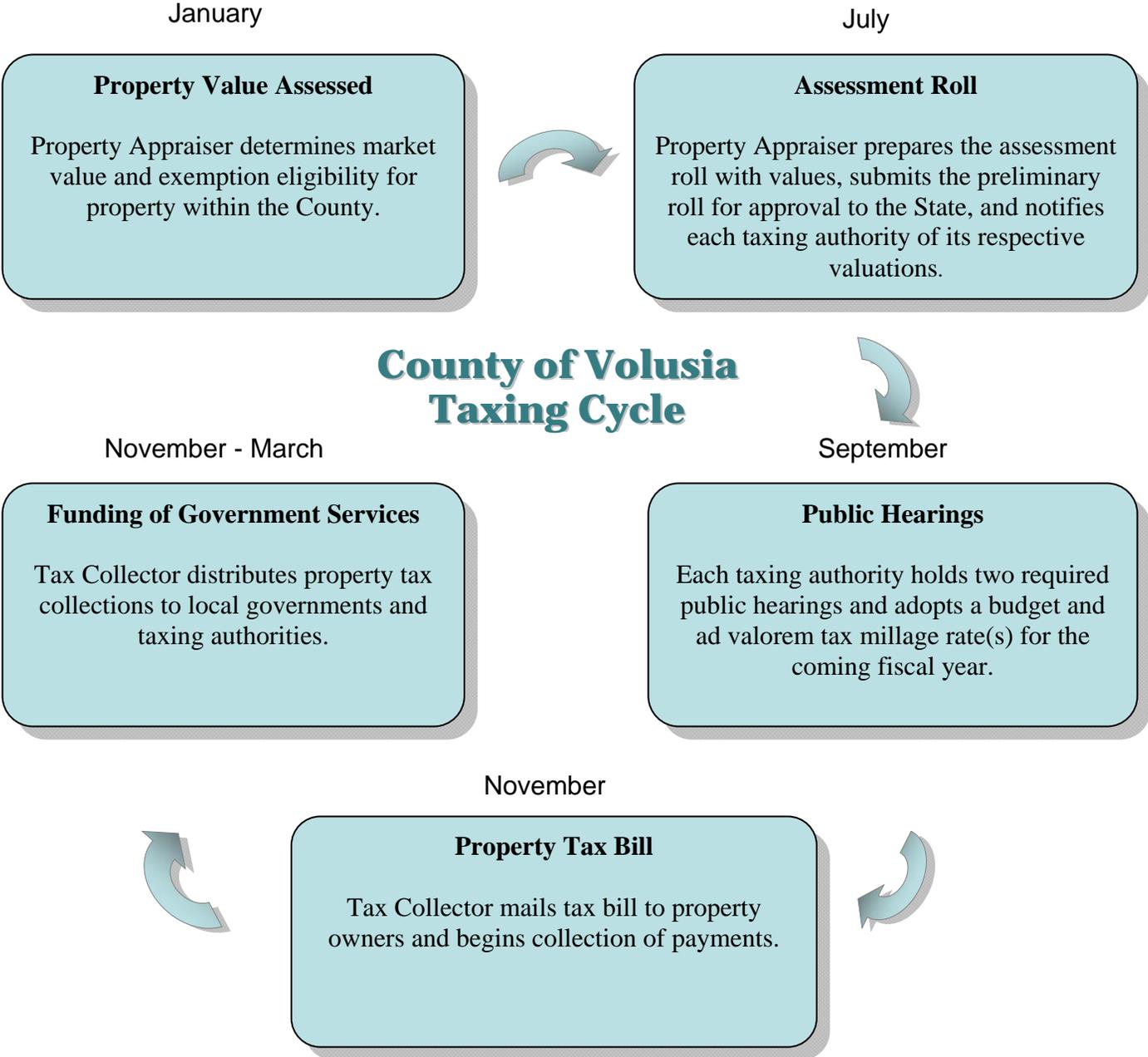
Transportation Programs and Initiatives

Passenger traffic at Daytona Beach International Airport (DBIA) through November 2017 increased three percent over 2016. It is also at its highest point in 21 years and shows an increase of 70 percent compared to passenger traffic in 2009. JetBlue continued to make progress in 2017 - its passenger traffic increased seven percent over their inaugural year in 2016. Airline load factors, or the percentage of seats filled, for Delta, American and JetBlue increased in 2017 to 90 percent on average for all three airlines, a three percent increase over 2016.

Major interstate transportation construction improvements in the County continued during 2017. FDOT completed the six-laning project on Interstate 4 and construction continues on \$205 million in improvements to the Interstate 4-Interstate 95 interchange and the Interstate 95-US 92 interchange. Other transportation projects that were completed include Orange Avenue in Daytona Beach (\$43 million) and the extension of Williamson Boulevard to Pioneer Trail (\$15 million). Construction is underway on the new \$38 million Veterans Memorial Bridge over the Halifax River in Daytona Beach.

Annual Budget

The County must prepare an annual budget authorizing the spending of public funds and Florida law requires the County have a balanced budget. 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 elicit comments and feedback from County citizens concerning the proposed budget and tax rates. The budget can only be amended with approval of the County Council.



Revenues

Comparison of Revenues Between Fiscal Years 2017, 2016 and 2015

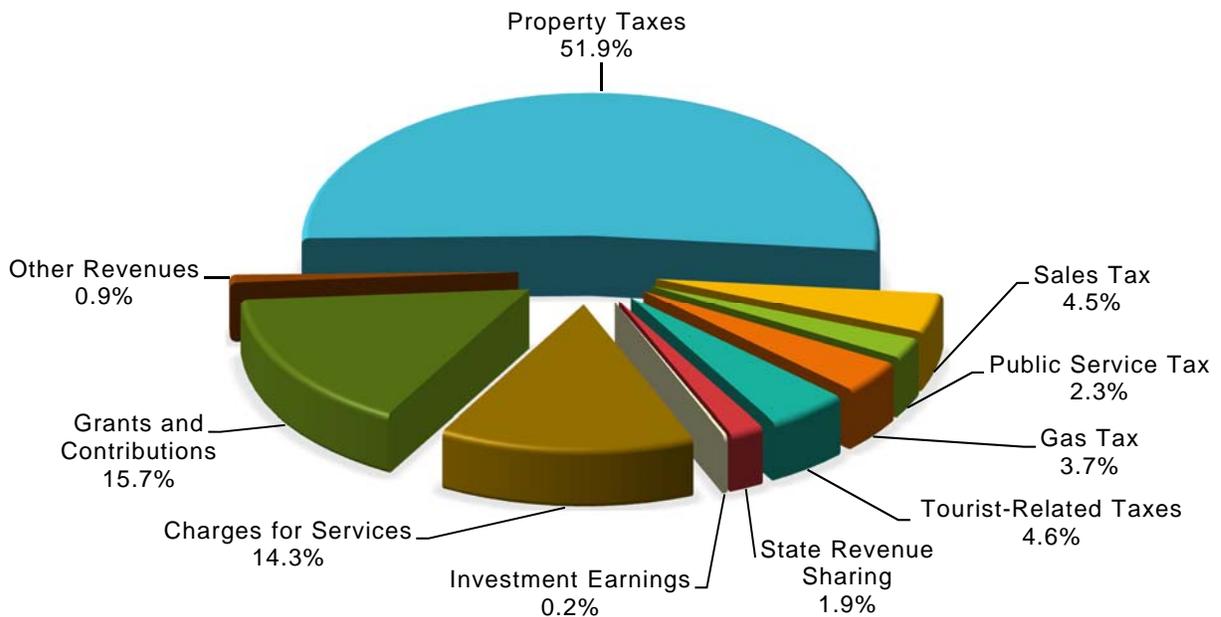
(Amounts in Millions)	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2016</u>	<u>Fiscal Year 2015</u>
Governmental activities:			
Property taxes	\$ 242	\$ 233	\$ 219
Sales tax	21	20	19
Public service tax	11	11	11
Gas tax	17	16	16
Tourist-related taxes	22	21	19
State revenue sharing	9	9	8
Investment earnings	1	2	3
Charges for services	67	64	62
Grants and contributions	73	49	41
Other revenues	4	4	5
Total governmental activities	<u>467</u>	<u>429</u>	<u>403</u>
Business-type activities:			
Refuse disposal	18	16	16
Daytona Beach International Airport	24	20	20
Volusia Transportation Authority	17	15	21
Water and sewer utilities	23	19	16
Parking garage	2	3	2
Garbage collection	9	8	8
Total business-type activities	<u>93</u>	<u>81</u>	<u>83</u>
	<u>\$ 560</u>	<u>\$ 510</u>	<u>\$ 486</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.

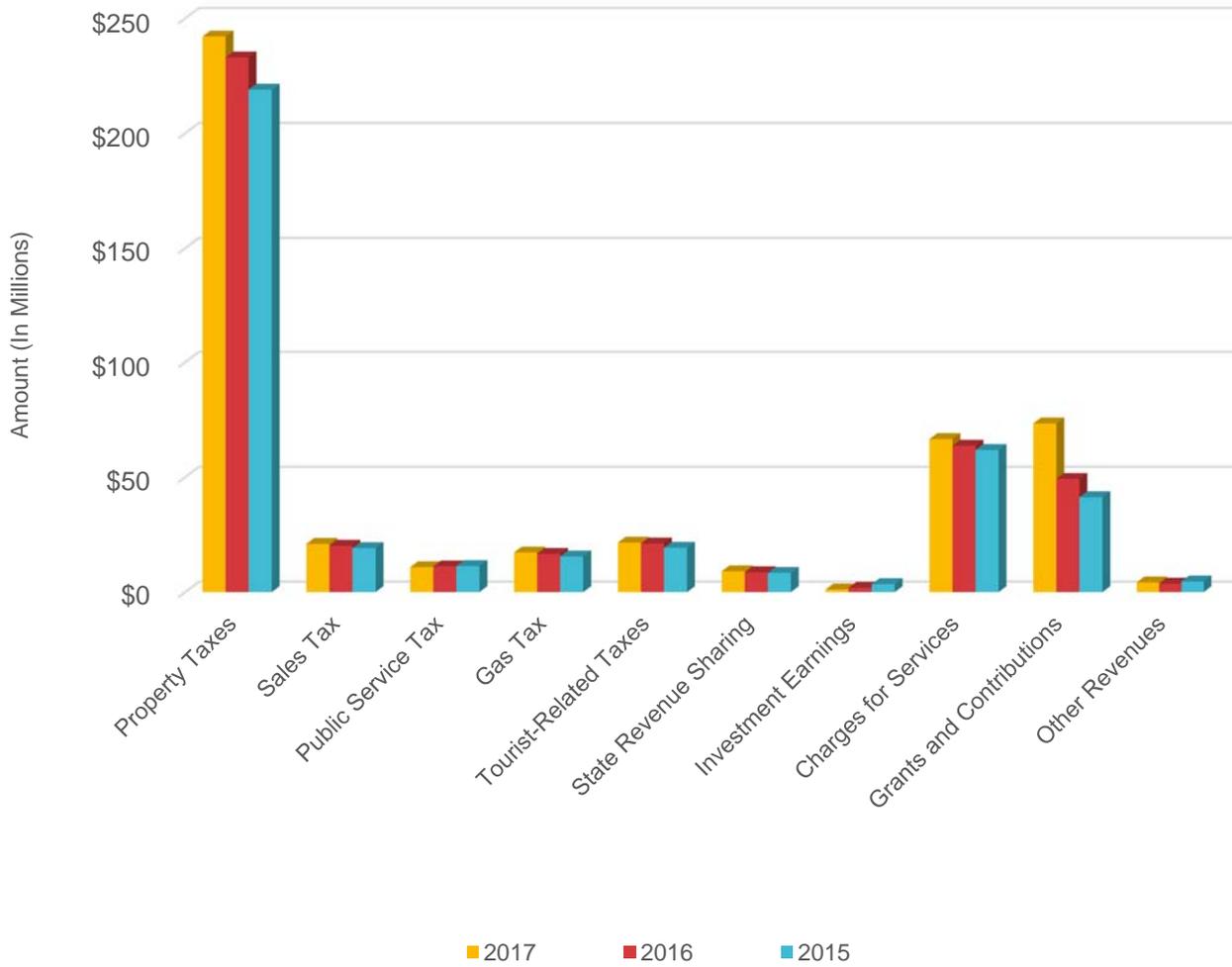
Compared with the prior fiscal year, revenues for the governmental activities increased by \$38,000,437 (8.9 percent). Increases in operating grants and contributions (approximately \$18.8 million), property tax revenue (approximately \$9.1 million), capital grants and contributions (approximately \$5.4 million), and charges for services (approximately \$2.9 million) were the primary reasons for the increase in revenues.

Revenues by Source



Revenues – Governmental Activities

Comparison of Revenues by Source-Last Three Fiscal Years



Revenues – Business-Type Activities

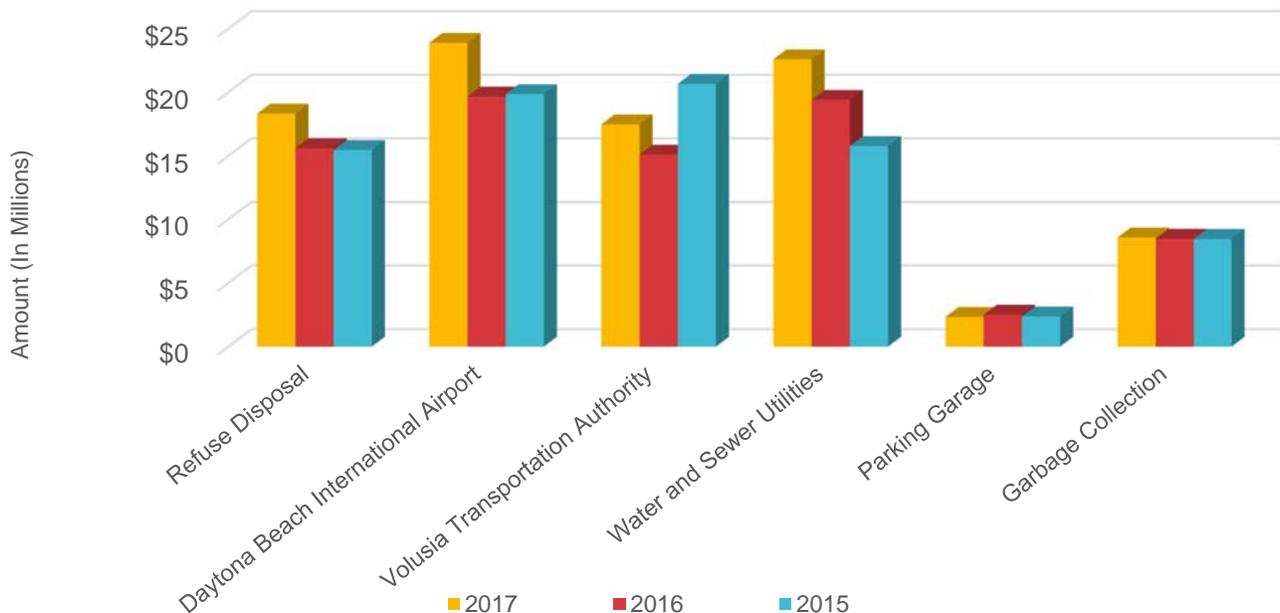
Business-type Activities are supported by fees and user charges that are set to recover the cost of services provided. Business-type activities consist of the refuse disposal, Daytona Beach International Airport, Volusia Transportation Authority (VOTRAN), water and sewer utilities, parking garage (beach side), and garbage collection funds.

Revenues for the County’s business-type activities increased by \$12,426,045 (15.4 percent), when compared to the prior fiscal year. This increase is comprised mostly of an approximate \$8.9 million increase in capital grants and contributions and \$4.1 million increase in charges for services.

The increase in capital grants and contributions are due primarily to increased Daytona Beach International Airport (DBIA) construction grants of approximately \$5.6 million, the majority of which related to the construction of the Airport Rescue and Firefighting (ARFF) facility. Water and sewer construction grants also increased by approximately \$2.2 million for construction of an expansion of the Southwest Regional Water Reclamation Facility. Volusia Transportation Authority (VOTRAN) capital grants also increased by approximately \$1.1 million when compared to the prior year because four full-size and five paratransit buses were purchased in fiscal year 2017 compared to only eight paratransit buses in the prior fiscal year.

The increase in charges for services, primarily reported in the refuse disposal activity, was approximately \$2.8 million due to increased usage of the County landfill, a large amount of which was caused by debris from Hurricanes Matthew and Irma. Charges for service for the water and sewer activity also increased by approximately \$1.1 million due in part to rate increases (approximately \$0.3 million or 1.8 percent) with the remainder from new housing development activity. The new housing development activity resulted in more connection and capacity reservation fee collections as well as new service charges related to these new users.

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



Expenses

Comparison of Expenses Between Fiscal Years 2017, 2016 and 2015

(Amounts in Millions)	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2016</u>	<u>Fiscal Year 2015</u>
Governmental activities:			
General government	\$ 64	\$ 60	\$ 59
Public safety	191	180	158
Physical environment	7	7	6
Transportation	37	34	33
Economic environment	54	35	20
Human services	21	19	21
Culture/recreation	55	52	47
Interest on long-term debt	5	6	6
Total governmental activities	<u>434</u>	<u>393</u>	<u>350</u>
Business-type activities:			
Refuse disposal	15	13	12
Daytona Beach International Airport	19	17	18
Volusia Transportation Authority	27	26	25
Water and sewer utilities	14	13	14
Parking garage	2	2	2
Garbage collection	9	8	8
Total business-type activities	<u>86</u>	<u>79</u>	<u>79</u>
	<u>\$ 520</u>	<u>\$ 472</u>	<u>\$ 429</u>

Expenses – Governmental Activities

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

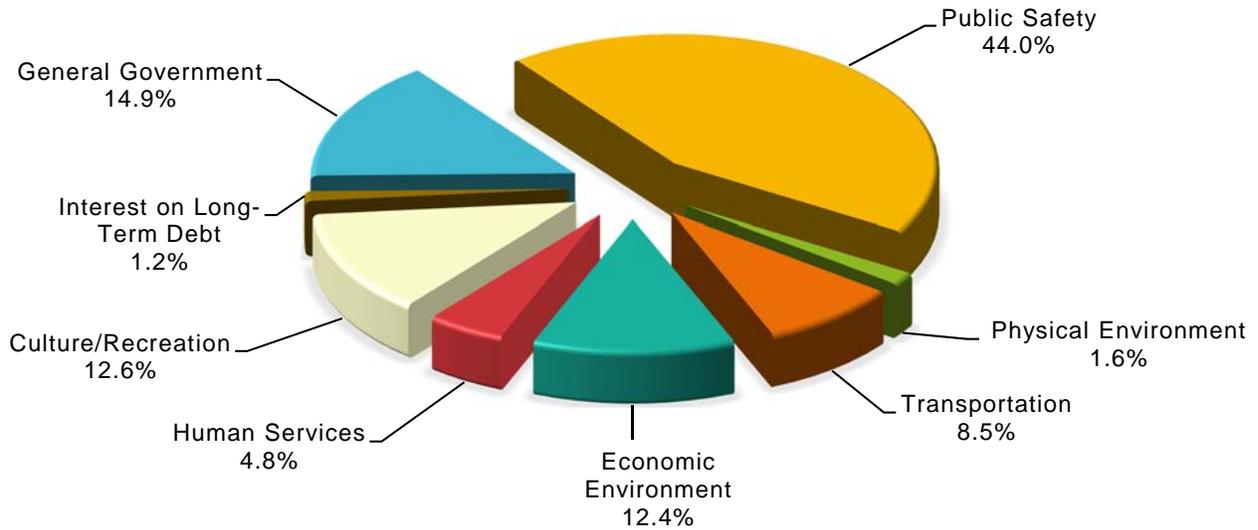
- **General government** includes the county council, county manager, county attorney, elections, property appraiser, growth management commission, judicial, financial services, central services, planning and development, construction engineering and information technology expenses.
- **Public safety** includes the costs for sheriff, corrections, ambulance services, emergency management, fire services, medical examiner, emergency medical administration, public protection administration 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 mitigating 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, mental health and substances abuse assistance, 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 and notes issued for capital improvement projects.

The cost of all governmental activities for fiscal year 2017 increased by \$41,683,817 (10.6 percent) when compared to the prior year. When compared to the previous year, increases of approximately \$8.2 million were spread across all activities, which was attributable to increased pension expenses as calculated in the parameters of GASB Statement No. 68. In addition, all activities experienced an increase related to pay adjustments of 3.0 percent (approximately \$3.6 million), and changes in required contributions to the County's medical insurance program (approximately \$2.3 million). After considering the change in pension expense, pay adjustments, and changes in medical insurance contributions, the remaining change in governmental activities expenses was an increase of approximately \$27.6 million versus the prior year. The \$27.6 million variance was a result of primarily of the following three items:

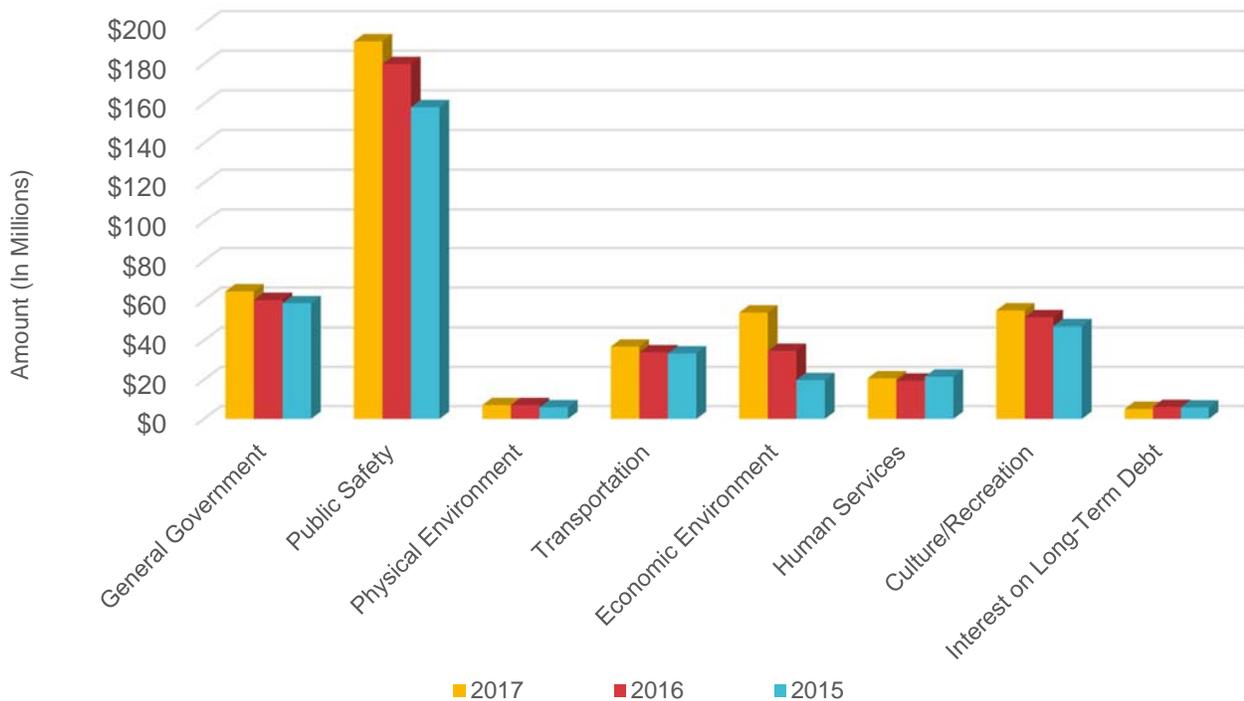
- \$19.2 million increase reported in the economic environment activity, all of which is attributable to Hurricanes Matthew and Irma response and recovery efforts.
- \$3.5 million increase reported in the public safety activity, primarily attributable to a large reroofing and fire alarm replacement project at the branch jail that started in the current fiscal year (approximately \$1.8 million) and increased medical expenses for inmates (approximately \$1.7 million).
- \$2.3 million increase reported in the transportation activity, all of which was caused by increased road resurfacing.

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 increased by \$6,905,329 (8.8 percent), when compared to the prior fiscal year. Refuse disposal expenses increased by approximately \$1.7 million due to the combination of increased landfill closure costs (approximately \$550,000), maintenance and repair costs (approximately \$540,000), personnel service costs (approximately \$320,000), and contractual services costs (approximately \$230,000). All of these increases are related to more usage of the landfill during fiscal year 2017.

DBIA experienced an approximate \$2.3 million increase in operating expenses when compared to the prior fiscal year. Increased maintenance and repair costs related to roof repairs and replacement of the terminal air handlers accounted for approximately \$1.3 million of the increase. The remaining increase of approximately \$1.0 million was related to architectural and design engineering work previously capitalized, but deemed by management to not have future capital value, therefore expensed in the current year. VOTRAN's expenses increased by approximately \$0.9 million when compared to the prior fiscal year, due to an increase in run frequency on a cross-county service route.

Water and sewer utilities experienced an approximate \$2.3 million increase in operating expenses when compared to the prior fiscal year. The primary source of the increase is related to professional engineering services previously capitalized, but deemed by management to not have future capital value, therefore expensed in the current year (approximately \$840,000). The remaining increase was a combination of increased personnel services expense (approximately \$290,000), increased depreciation expense (approximately \$150,000), and indirect cost increases (approximately \$120,000). Garbage collection expenses increased by approximately \$0.4 million when compared to the prior fiscal year primarily due to an increase in the collection rate charged to the County by its contracted garbage collection provider.

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 position represents equity that may be used only as specified by debt covenants, grantors, laws or regulations, other governments, or other external restrictions. A comparison of fiscal years 2017, 2016, and 2015 is provided.

Governmental Activities - Last Three Fiscal Years			
	2017	2016	2015
(Amounts in Millions)			
ASSETS			
Cash and investments	\$ 338	\$ 330	\$ 324
Due from state/federal governments	40	22	17
Receivables and other current assets	14	12	16
Inventories and prepaid items	5	5	4
Net pension asset	3	3	2
Capital assets, net of depreciation	767	751	734
	<u>1,167</u>	<u>1,123</u>	<u>1,097</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>111</u>	<u>91</u>	<u>27</u>
LIABILITIES			
Accounts and contracts payable	24	16	15
Accrued interest payable	6	6	8
Other current liabilities	18	33	32
Notes and bonds, due within one year	3	4	18
Notes and bonds, due in more than one year	133	144	145
Net pension liability	251	219	123
Other long-term liabilities	72	52	51
	<u>507</u>	<u>474</u>	<u>392</u>
DEFERRED INFLOWS OF RESOURCES	<u>17</u>	<u>10</u>	<u>31</u>
NET POSITION (EQUITY)			
Net investment in capital assets	645	611	587
Net position, restricted	148	145	137
Net position, unrestricted	(39)	(26)	(23)
	<u>\$ 754</u>	<u>\$ 730</u>	<u>\$ 701</u>

Balance Sheet (cont.)

Business-type Activities - Last Three Fiscal Years			
	2017	2016	2015
(Amounts in Millions)			
ASSETS			
Cash and investments	\$ 69	\$ 61	\$ 54
Due from state/federal governments	9	9	13
Receivables and other current assets	6	6	3
Inventories and prepaid items	4	5	5
Capital assets, net of depreciation	237	232	236
	325	313	311
DEFERRED OUTFLOWS OF RESOURCES	4	3	1
LIABILITIES			
Accounts and contracts payable	5	5	4
Other current liabilities	2	2	3
Notes and bonds, due within one year	2	2	5
Notes and bonds, due in more than one year	26	32	37
Net pension liability	8	7	5
Other long-term liabilities	29	27	26
	72	75	80
DEFERRED INFLOWS OF RESOURCES	1	1	1
NET POSITION (EQUITY)			
Net investment in capital assets	208	199	194
Net position, restricted	7	7	10
Net position, unrestricted	41	34	27
	\$ 256	\$ 240	\$ 231

Balance Sheet (cont.)

County Total - Last Three Fiscal Years			
	2017	2016	2015
(Amounts in Millions)			
ASSETS			
Cash and investments	\$ 407	\$ 391	\$ 378
Due from state/federal governments	49	31	30
Receivables and other current assets	20	18	19
Inventories and prepaid items	9	10	9
Net pension asset	3	3	2
Capital assets, net of depreciation	1,004	983	970
	<u>1,492</u>	<u>1,436</u>	<u>1,408</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>115</u>	<u>94</u>	<u>28</u>
LIABILITIES			
Accounts and contracts payable	29	21	19
Accrued interest payable	6	6	8
Other current liabilities	20	35	35
Notes and bonds, due within one year	5	6	23
Notes and bonds, due in more than one year	159	176	182
Net pension liability	259	226	128
Other long-term liabilities	101	79	77
	<u>579</u>	<u>549</u>	<u>472</u>
DEFERRED INFLOWS OF RESOURCES	<u>18</u>	<u>11</u>	<u>32</u>
NET POSITION (EQUITY)			
Net investment in capital assets	853	810	781
Net position, restricted	155	152	147
Net position, unrestricted	2	8	4
	<u>\$ 1,010</u>	<u>\$ 970</u>	<u>\$ 932</u>

Cash and Investments

The County's investment policy, established by county ordinance, provides investment guidelines for the County. This policy applies to all financial assets held or controlled by the County, with the exception of certain pension, trust, or debt related funds which are controlled by other ordinances or policies. The primary objectives of investment activities, in priority order, are: safety, liquidity, and yield. Safety of principal is the foremost objective of the investment program. Investments are undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The investment portfolio remains sufficiently liquid to meet all operating requirements that are reasonably anticipated. The portfolio is designed with the objectives of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. As a result, the core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. For safety and flexibility, the County maintains a short overall weighted average maturity on its cash and investments.

In December 2015, the Federal Reserve's Federal Open Market Committee (FOMC) raised interest rates for the first time in seven years and kept them at the 0.25 percent to 0.50 percent target range for another year. The three interest rate increases during fiscal year 2017 (December 2016, March 2017, and June 2017) brought the federal funds rate to the range of 1.00 percent to 1.25 percent. In this slowly rising interest rate environment, the County's average annual rate of return correspondingly began to rise from 0.87 percent for 2016 to 1.23 percent for 2017.

The chart below shows the County's rate of return on investments (excluding the Volunteer Firefighters pension plan) over the last eight years.



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.

Most bond issues are assigned a rating by firms such as Fitch Ratings, Moody's Investors Service, and Standard & Poor's. The rating is an extremely important factor in determining an issue's marketability and the interest rate a local government will pay: the better the rating, the lower the interest rate. The rating agencies consider the County's bonds to be of upper medium to high grade quality confirming the government's strong financial condition, which in turn, equates to low credit risk.

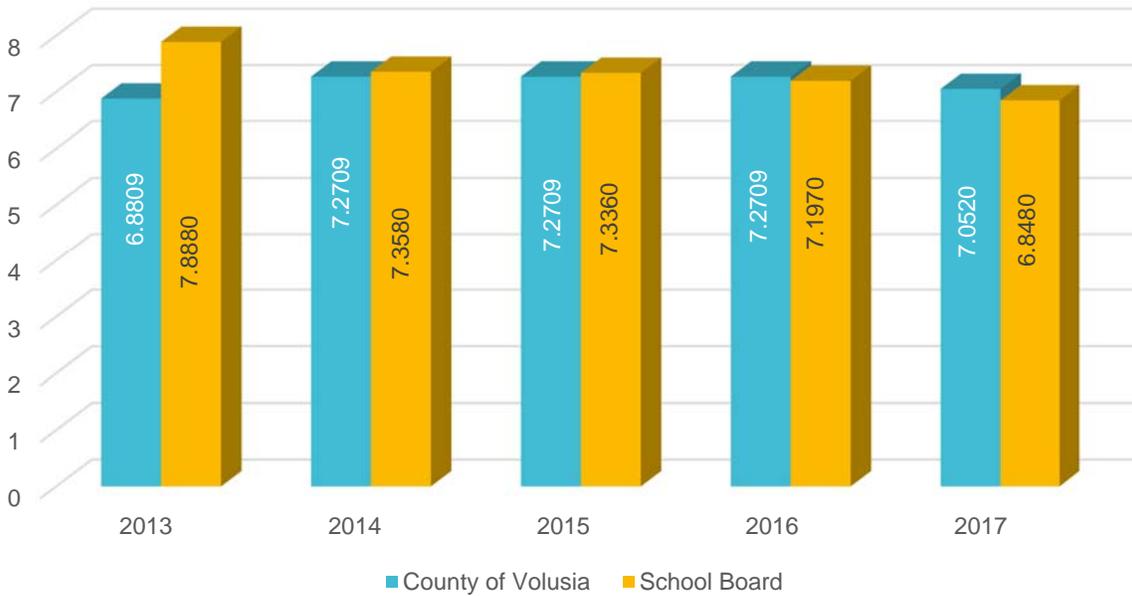
Overall, the County's outstanding debt, before issuance premium, decreased by \$16,635,311 (9.2 percent), during fiscal year 2017. The key factor in this decrease was required principal retirements in the amount of \$24,635,311 which were offset by \$8 million in borrowing activity.

A comparison of the amount of long-term debt owed at the end of fiscal year 2017 to the same time period in 2016 and 2015 is presented below.

	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
(Amounts in Millions)			
Bonds payable:			
Revenue bonds	\$ 105	\$ 123	\$ 152
General obligation bonds	12	15	21
Notes payable	47	43	32
Total bonds and notes	\$ 164	\$ 181	\$ 205
Debt burden per capita	\$ 314	\$ 350	\$ 402

County-wide 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



Principal Property Taxpayers

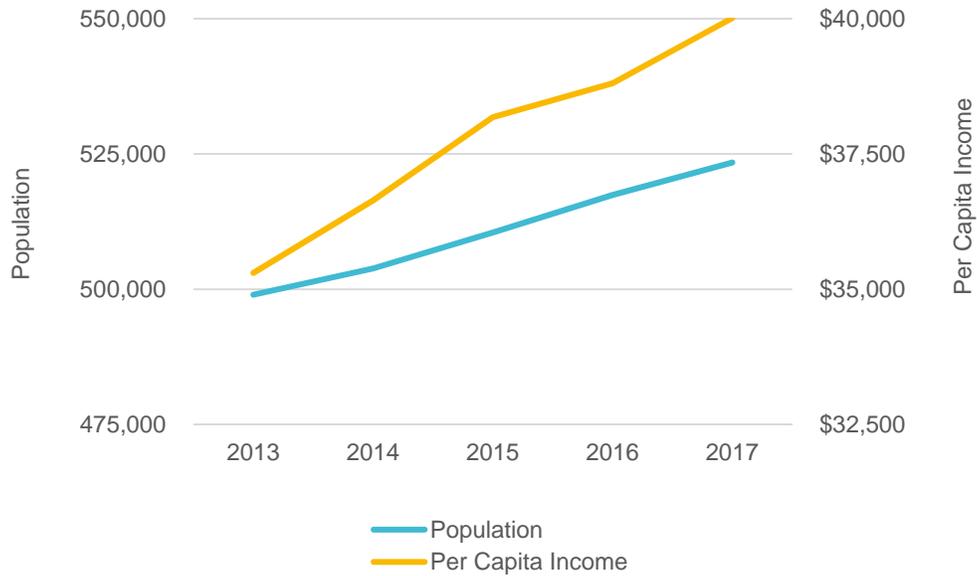
Taxpayer	Type of Business	2016 Taxable Value	Percent of Total Taxable Value
Florida Power and Light Co.	Electric Utility	\$ 1,046,134,695	3.21
Duke Energy Florida, Inc.	Electric Utility	247,458,131	0.76
BellSouth Telecommunication, LLC	Telephone	91,419,754	0.28
Bright House Networks, LLC	Entertainment	81,279,025	0.25
Starwood Capital Group	Investments	78,635,310	0.24
Wal-Mart Stores, Inc.	Retail	74,256,034	0.23
Publix Super Markets, Inc.	Retail Sales/Grocery	64,944,308	0.20
International Speedway Corp	Entertainment	60,558,508	0.19
Ocean Walk II	Timeshare Sales	58,750,005	0.18
Covidien	Manufacturing	52,428,359	0.16
Subtotal Principal Taxpayers		1,855,864,129	5.70
All Other Taxpayers		30,713,041,083	94.30
Total		\$ 32,568,905,212	100.00

Property Tax Collected in Fiscal Year Last Five Fiscal Years

Fiscal Year	Total Tax Levy	Collected to End of Tax Year			Collected in Fiscal Year	
		Current Tax Collections	Percent of Levy	Delinquent Collections	Total Collections	Percent of Levy
2017	\$ 250,157,758	\$ 241,433,627	96.51	\$ 797,561	\$ 242,231,188	96.83
2016	240,585,734	232,118,353	96.48	812,002	232,930,355	96.82
2015	225,739,467	217,859,761	96.51	855,843	218,715,604	96.89
2014	214,332,368	206,532,680	96.36	888,042	207,420,722	96.78
2013	199,475,643	191,947,692	96.23	968,827	192,916,519	96.71

Demographics

Comparison of Population and Per Capita Income Last Five Fiscal Years



Ten Largest Employers in Fiscal Year 2017

<u>Employer</u>	<u>Number of Employees</u>	<u>Percent of Total Employment</u>
Volusia County School Board	7,458	3.06
Florida Hospital - All Divisions	5,147	2.11
Halifax Health	4,314	1.77
County of Volusia	3,355	1.38
Publix Supermarkets Incorporated	3,179	1.30
State of Florida	2,974	1.22
Walmart Stores Incorporated	2,970	1.22
Daytona State College	1,649	0.68
Embry-Riddle Aeronautical University	1,589	0.65
U.S. Government	1,285	0.53
Total	33,920	13.92
Estimated total workforce	243,641	

Interesting Facts

Did you know that Volusia County.....

- offers 53 parks that total 11,822 acres that include 277 miles of bike paths and sidewalks, multi-use trails, camping, bird observation towers, fishing, fresh and saltwater boating, historic and archaeological sites, and sports and recreation centers
- has 47 miles of beaches on the Atlantic Ocean, including one of the few places you are able to drive on the beach
- includes Blue Springs and DeLeon Springs state parks that have swimming and recreation in and around the fresh water springs
- is home to the world-famous Daytona 500 NASCAR race and headquarters of the Ladies Professional Golf Association (LPGA)
- has a Marine Science Center that includes rehabilitation services for sea turtles and birds which also offers tours and educational opportunities for all ages
- has the Lyonia Environmental Center that provides a unique insight into the County's fragile ecosystems with interactive displays where visitors can learn about the importance of the environment, energy conservation, and natural resources
- owns and operates the Daytona Beach International Airport which had 3,182 scheduled flights last year, with over 711,000 passengers arriving and departing the airport
- owns and operates the Ocean Center located in Daytona Beach, 400 feet from the Atlantic Ocean, which includes 164,000 square feet of interior exhibit space and a 9,600 seat, 42,000 square foot arena, hosting 123 events with over 286,000 attendees per year
- has a library system that provided over 3.4 million circulation materials to members of the public and in addition, 2.7 million users took advantage of the electronic resources available during the year
- provides information on the County via numerous electronic means such as its website; Volusia Magazine, a weekly television program; public information radio program; live audio of County Council meetings; and live beach cams
- provides an email notification service created to disperse updates from the county manager's office, emergency management, Ocean Center, parks and recreation, building permit center, University of Florida/Volusia County Extension, revenue services and the sheriff's office



