

# LETTER OF TRANSMITTAL

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# County of Volusia

CHIEF FINANCIAL OFFICER

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February 22, 1999

The Honorable Members of the County Council,  
County Manager, and Citizens of Volusia County

In accordance with provisions of the Volusia County Home Rule Charter and requirements of Florida Statutes, the Comprehensive Annual Financial Report of the County of Volusia, Florida, for the fiscal year ended September 30, 1998, is hereby submitted. This annual report is presented in three sections: introductory, financial, and statistical. The introductory section, which is unaudited, includes this letter of transmittal, the County's organizational chart, and a list of principal elected and appointed officials. The financial section includes the general purpose financial statements and the combining and individual fund and account group financial statements and schedules, as well as the report of independent accountants on these financial statements and schedules. The statistical section, which is unaudited, includes selected financial and demographic information, generally presented on a multi-year basis.

Accounting Services has prepared these financial statements in accordance with generally accepted accounting principles for local governments as prescribed by the Governmental Accounting Standards Board (GASB). The general purpose financial statements and accompanying notes have been examined by an independent firm of Certified Public Accountants, PricewaterhouseCoopers LLP, whose report is included herein.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the County. To the best of our knowledge and belief, the data presented are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds, account groups, and component units of the County. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

Discretely presented component units are reported separately in the combined financial statements to emphasize they are legally separate from the County and to differentiate their financial position, results of operations, and cash flows from those of the County. The Clerk of the Circuit Court, Volusia County Law Library, and the Emergency Medical Foundation, Inc. are reported as discretely presented component units. For additional information concerning the reporting entity, see Note 1 of the Notes to Financial Statements.

## **THE COUNTY OF VOLUSIA AND ITS SERVICES**

Volusia County is located in the east-central part 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 of Volusia operates under a Council/Manager form of government and provides various services including public safety, transportation, health and social services, culture/recreation, planning, zoning and environmental, and other community services. 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. Five council members are elected by voters of their respective districts and serve two-year terms; two members are elected at-large and serve staggered four-year terms.

## **ECONOMIC CONDITION AND OUTLOOK**

### **FINANCIAL**

General Fund equity totaled \$10,247,689 on September 30, 1998. After providing for required reserves, the undesignated fund balance was \$8,272,958, an increase over the previous fiscal year's balance of \$4,931,758. In keeping with the fiscal policy of the County, a substantial portion of the surplus has been committed to fund General Fund operations for fiscal year 1999. This surplus resulted from actual revenues and other financing sources exceeding estimates by \$3.7 million and expenditures and other financing uses under budget by \$4.9 million. The major expenditure savings occurred in public safety and general governmental services in the amounts of \$2.0 and \$1.3 million, respectively. The County's other fund types have also concluded the fiscal year in sound financial condition.

### **ECONOMIC**

Volusia County's economy continues to improve, with unemployment remaining below four percent. The County's economy, though improving, continues to lag behind the other counties in the East Central Florida Region. Statistics indicate that a minimum of 39,000 workers live in Volusia County, but work outside the County.

Seminole County, with approximately 75,000 fewer residents, exceeds Volusia County in retail sales. The County and cities in Southwest Volusia are continuing efforts to promote growth along Interstate 4 and State Road 472 in West Volusia which will bring better paying jobs and minimize the exportation of commerce to other counties. The City of DeBary has established a funding mechanism for the creation and administration of its own Economic Opportunity Fund. The City of Deltona continues to seek to expand its non-residential tax base. By building the infrastructure that will attract more businesses and create a major employment center, southwest Volusia cities and the County anticipate more residents working and shopping within the County.

The east side of the County has seen progress with the Adventure Landing Family Entertainment Center, the Ocean Walk development, and the Ocean Center expansion and parking garage. A significant portion of Beach Street's redevelopment in Daytona Beach is complete, and New Smyrna Beach continues with its streetscape projects along the beach and downtown areas.

One of the most significant events of the year was the widespread fires that plagued Volusia County during the summer. The County's cost of fighting the fires was over \$3 million, much of which will be reimbursed by the Federal Emergency Management Administration (FEMA) and the State of Florida. Timber crop losses approximated \$70 million and structural losses, \$2 million. The Daytona International Speedway was forced to cancel the July Pepsi 400 race and reschedule it to October. Tourism dollars lost during the fourth quarter of the fiscal year were recovered in the first quarter of fiscal year 1999.

The number of carriers and regular flights into and out of Daytona Beach International Airport remain a concern. Currently, only two major carriers, Delta and Continental, serve the airport. Casino Airlink, a charter airline, will begin flights in January 1999 to Biloxi, Mississippi. Further efforts are underway to attract additional airlines.

Significant initiatives and accomplishments during fiscal year 1998 include the following:

- ! Completed new libraries in New Smyrna Beach and DeBary.
- ! Completed the expansion of the Agriculture/Fairgrounds complex east of DeLand.
- ! Completed the extension of Prevatt Avenue from Lake Helen to State Road 44.

- ! Created the Local Government Study Commission to review the delivery of city and county public services to determine if duplication can be eliminated and efficiencies realized.
- ! Contributed to the Volusia County Business Development Corporation which helped create 698 jobs through relocation or expansion of existing operations.
- ! Created the Employee Advisory Committee as a mechanism to improve internal communication, specifically between upper level County management and employees.
- ! Entered into a contract with the National Development Council for community development purposes including development of a public parking garage north of the Ocean Center to enhance the \$150 million core tourism area redevelopment.

## **MANAGEMENT**

Changes were made to the County Manager's leadership team in order to make the organization more responsive to the needs of the community and priorities established by the County Council. The Chief Financial Officer (CFO) was moved into the Leadership Center with expanded duties and responsibilities related to the County's economic development. The Director of Public Services Center assumed the duties of Director of Support Services, and the Community Services Director was promoted to Director of the Public Services Center.

The County's needs are being addressed through cooperative efforts and partnerships with our city, state, and federal governments, special interest groups, business and industry leaders, education officials, and citizens. County government provides the leadership and infrastructure, but the work for change must come from the private and non-profit sectors of the community. Our civic, business, and political leadership is committed to building partnerships, seeking consensus, and implementing a shared vision for a successful economic strategy which maximizes Volusia's strategic location and high quality of life.

In order to meet these goals and needs, the County Council developed the following goals for 1998:

### **Pathways to Enhancing the Natural Environment**

The Volusia County Council is dedicated to preserving our unique natural assets and protecting our endangered species for the benefit of all Floridians. The County Council pursued the following goals to enhance our natural environment:

- ! Provide and manage high quality facilities for the public to enjoy Volusia County's natural environment.
- ! Complete consideration of the Manatee Protection Plan.
- ! Establish a special assessment district for wastewater as part of the Rose Bay clean-up program.
- ! Identify funding and consider the purchase of Green Springs.
- ! Ensure that environmental concerns are addressed on zoning requests.

## **Pathways to Improved Economic Development/Tourism**

The Volusia County Council pursued the following goals to improve the economic vitality of our area:

- ! Beach Improvements
  - ▶ Establish a policy concerning the provision of concession services on the beach, in cooperation with the Beach Policy Advisory Board.
  - ▶ Establish a phased development plan at 27th Avenue in New Smyrna Beach for a community beachfront park.
  - ▶ Establish a premier beachfront park at Reville Avenue in Daytona Beach.
  - ▶ Establish a long-term sponsorship partnership for the promotion and marketing of Volusia County as a destination for leisure trips and provide a new source of funding for recreational capital improvements.
  - ▶ Establish a policy and strategy for Ponce DeLeon Inlet stabilization.
  
- ! Capital and Infrastructure Improvements
  - ▶ Develop a plan for the expenditure of a proposed local option sales tax in cooperation with municipalities and interested citizen groups. Consider placement of the sales tax proposal on a referendum ballot.
  - ▶ Complete the design, hire a construction manager, and begin construction of the West Volusia Justice Center.
  - ▶ Continue the aggressive pursuit, with appropriate State and Federal agencies, for the construction of a new Interstate 4 bridge over the St. Johns River.
  - ▶ Purchase waterfront land for the development of the Southeast Volusia Marine Commerce Park.
  - ▶ Establish a policy concerning the use of specific County-owned lands including the Plymouth Landfill site, NIMBY Park at the Tomoka Landfill, and property adjacent to the West Volusia Solid Waste Transfer Station.
  
- ! Ecological, Cultural, and Heritage Tourism
  - ▶ In cooperation with Volusia Vision, adopt a strategic plan to enhance Volusia's environmental, cultural, and heritage assets and opportunities.
  
- ! Improve Opportunities For Economic Development
  - ▶ Continue aggressive efforts to recruit new business opportunities and expand the existing economic base with specific emphasis on continued efforts to attract computer chip manufacturing and other high technical industries. Develop business parks at strategic locations.
  - ▶ Continue efforts to implement the Take Part II strategy by constructing a parking facility and completing the design of the Ocean Center expansion project.
  - ▶ Re-examine existing fees for development permitting.
  - ▶ Be more proactive in engaging the business community on important community issues.
  
- ! Daytona Beach International Airport
  - ▶ Continue aggressive efforts to recruit new airlines.

### **Pathways to Inter-Governmental Relations**

The Volusia County Council is committed to working with other government agencies to better our community. The Council's highest priority is to conduct a productive civic dialogue and foster positive intergovernmental relationships.

- ! Health and Human Services Restructuring
  - ▶ Establish policy to restructure health and human services delivery to include allocations decision-making, roles and relationships among advisory committees, and better integration of service delivery.
  
- ! Local Government Study Commission
  - ▶ Participate in the Local Government Study Commission.
  
- ! Children's Services Council
  - ▶ Redefine the mission of the Children's Services Council to function more as an advocacy group and establish per capita funding levels.
  
- ! Watershed Programs
  - ▶ Establish coordinated work programs for each major developed watershed.
  
- ! Summits/Workshops
  - ▶ Conduct a summit with the Volusia County School Board to strengthen joint programs and identify new opportunities.
  - ▶ Participate in a workshop with the Agriculture Inter-relationships Council to study the condition of agriculture in Volusia County.

### **Pathways to Improved Government Operations**

The Volusia County Council is committed to delivering public services in the most cost effective and innovative manner. The following goals demonstrated the County Council's desire to constantly improve services to its citizens:

- ! Strategic Planning and Restructuring
  - ▶ Establish one succinct mission statement for all of County government.
  - ▶ Review County service delivery systems to establish policies concerning types, levels, methods, and evaluations of service areas.
  - ▶ Adopt a Five Year Road Program with funding options. Re-examine the existing policy concerning paving of dirt roads in unincorporated Volusia County.
  - ▶ Monitor and evaluate the inmate population and to assess the need for additional correctional facilities' space.
  - ▶ Complete contract negotiations for fire services with the cities of Ormond Beach and DeLand.
  - ▶ Develop a process to evaluate the County Manager and County Attorney.
  - ▶ Complete and implement the restructuring of the County's merit and purchasing systems.
  
- ! County Council Advisory Boards
  - ▶ Improve performance of advisory boards by establishing a goals-setting process for selected boards and revising board appointments, policies, and procedures.
  
- ! Minority Hiring Practices
  - ▶ Place continued emphasis on minority hiring practices and programs.

- ! Improvements in Technology
  - ▶ Complete testing of the 800 MHZ communications system and establish a policy concerning system acceptance, needed enhancements, and long-range, user-based management of the system.
  - ▶ Begin implementing a strategic plan for information technology to include the hiring of a new Information Technology Group (ITG) Director, examining technology needs, and restructuring the ITG organization and service delivery.
  - ▶ Implement an electronic format for County Council agendas through the County's e-mail and website software systems.
  
- ! Employee Programs
  - ▶ Continue the Women in the Workplace Program.
  - ▶ Continue the Career Development Program.
  - ▶ Continue and expand the Employee Advisory Committee.

## **FUTURE PROGRAMS**

The following projects and programs are scheduled for fiscal year 1999:

- ! Complete construction of:
  - ▶ Sheriff training center
  - ▶ Off-beach parking sites
  - ▶ Two major beachfront parks: Reville Avenue in Daytona Beach and 27th Avenue in New Smyrna Beach
  - ▶ New landfill cell
  
- ! Complete design and begin construction of the West Volusia Justice Center.
  
- ! Improve Ponce DeLeon Inlet.
  
- ! Expand the 800 MHZ Communication System to permit the addition of the City of Daytona Beach.
  
- ! Complete negotiations with businesses considering the possibility of relocating to Volusia County.
  
- ! Recruit additional airline service for the Daytona Beach International Airport.
  
- ! Complete a multi-year sponsorship/marketing partnership with a soft drink company to provide additional revenues for economic development.
  
- ! Complete a significant portion of the Daytona Beach redevelopment effort with the opening of the Adventure Landing Family Entertainment Center and Water Park.
  
- ! Create a pedestrian and environmentally friendly beach environment.
  
- ! Complete the design for the Ocean Center's exhibition space expansion.
  
- ! Refinance the Airport Revenue Bonds to take advantage of lower interest rates.

## **FINANCIAL INFORMATION**

Management of the County is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgements by management.

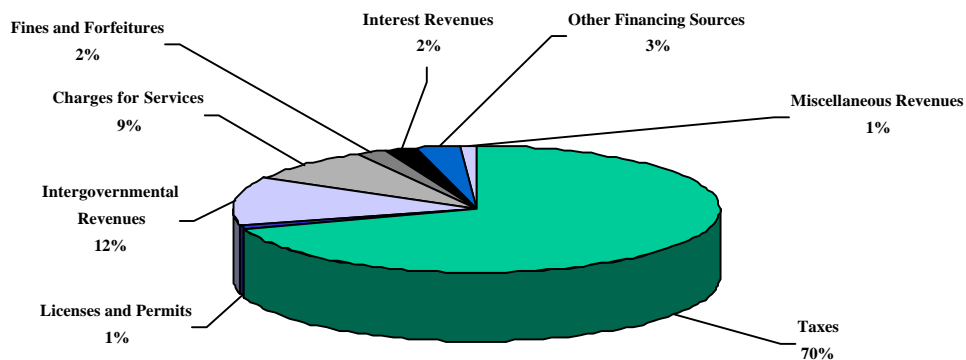
In addition, the County maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the County Council. Activities of the General, Special Revenue, and Debt Service Funds are included in the annual approved budget. Project-length financial plans are prepared in the Capital Projects Funds. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level. The County also maintains an encumbrance accounting system as one method of maintaining budgetary control. Encumbered amounts lapse at year end. However, outstanding encumbrances are reappropriated in the following year's budget.

As demonstrated by the statements and schedules included in the financial section of this report, the County continues to meet its responsibility for sound financial management.

## **GENERAL FUND**

The County's General Fund is used to account for expenditures associated with traditional government services as well as all financial resources other than those required to be accounted for in other funds.

### **GENERAL FUND REVENUES AND OTHER FINANCING SOURCES**

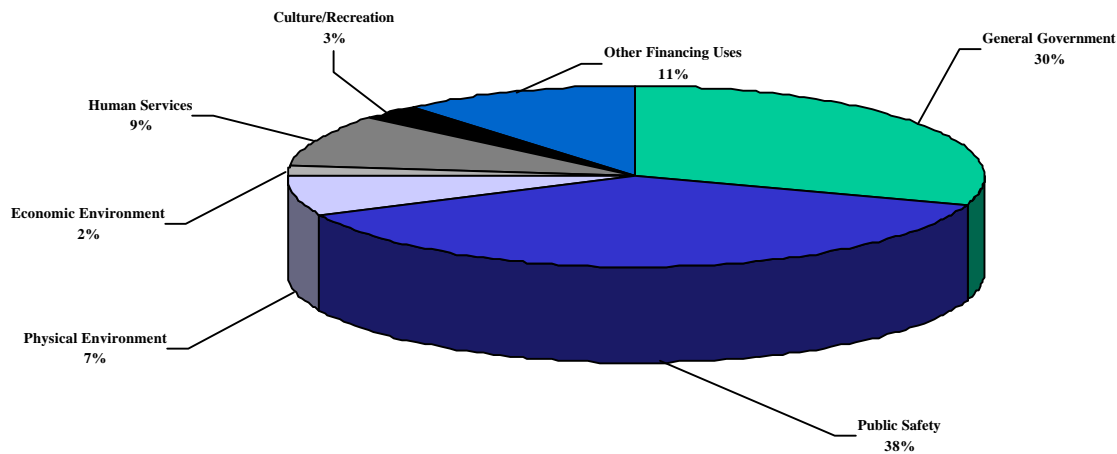


Revenues and other financing sources for the General Fund are widely diversified, including an ad valorem property tax, intergovernmental revenues, charges for services, fines and forfeitures, interest income, miscellaneous revenues, and transfers from other funds. The property tax of \$5.600 per \$1,000 assessed valuation provided seventy percent of the \$106,160,626 in total revenues and other financing sources. The \$4,281,242 increase in total revenues and other financing sources is attributed mainly to an increase in tax revenues and state shared revenues.



REVENUES AND OTHER FINANCING SOURCES	1998 AMOUNT	1997 AMOUNT	INCREASE (DECREASE)	
			AMOUNT	PERCENT
Taxes	\$74,327,241	\$70,075,987	\$4,251,254	6.1
Licenses and Permits	238,258	246,202	(7,944)	(3.2)
Intergovernmental Revenues	13,352,725	10,657,737	2,694,988	25.3
Charges for Services	9,428,750	9,248,566	180,184	1.9
Fine and Forfeitures	2,103,596	2,125,304	(21,708)	(1.0)
Interest Income	2,119,528	1,650,350	469,178	28.4
Miscellaneous Revenues	1,678,683	1,361,344	317,339	23.3
<b>TOTAL REVENUES</b>	<b>103,248,781</b>	<b>95,365,490</b>	<b>7,883,291</b>	<b>8.3</b>
Transfers and Other Financing Sources	2,911,845	6,513,894	(3,602,049)	(55.3)
<b>TOTAL</b>	<b>\$106,160,626</b>	<b>\$101,879,384</b>	<b>\$4,281,242</b>	<b>4.2</b>

**GENERAL FUND  
 EXPENDITURES AND OTHER FINANCING SOURCES**



Expenditures and other financing uses for General Fund functions totaled \$102,575,753 for the fiscal year ended September 30, 1998, a 2.5% increase over the previous year total of \$100,087,951. The \$2,487,802 increase in expenditures and other financing uses during fiscal year 1998 is attributed mainly to increased expenditures in the State Mandated Judicial, Sheriff, and Public Health Groups.

GROUP EXPENDITURES AND OTHER USES	1998		1997		INCREASE (DECREASE)	
	AMOUNT	PERCENT OF TOTAL	AMOUNT	PERCENT OF TOTAL	AMOUNT	PERCENT
County Council	\$295,561	0.3	\$311,630	0.3	(\$16,069)	(5.2)
County Manager	894,815	0.9	752,709	0.8	142,106	18.9
County Attorney	528,437	0.5	555,189	0.6	(26,752)	(4.8)
Elections	1,382,493	1.3	1,415,437	1.4	(32,944)	(2.3)
Internal Auditing	56,141	0.1	120,647	0.1	(64,506)	(53.5)
Property Appraisal	3,780,755	3.7	3,794,067	3.8	(13,312)	(0.4)
Growth Management Commission	180,630	0.2	158,545	0.2	22,085	13.9
Clerk/Courts	1,551,149	1.5	1,703,424	1.7	(152,275)	(8.9)
Judicial	4,067,472	4.0	3,944,744	3.9	122,728	3.1
State Mandated Judicial	903,841	0.9	340,395	0.3	563,446	165.5
Facilities Management	4,797,729	4.7	4,688,879	4.7	108,850	2.3
Support Services	1,454,046	1.4	1,171,715	1.2	282,331	24.1
Financial Services	3,178,720	3.1	3,189,190	3.2	(10,470)	(0.3)
Information Technology	4,820,122	4.7	5,024,429	5.0	(204,307)	(4.1)
Sheriff	16,884,937	16.5	15,978,009	16.0	906,928	5.7
Corrections	20,371,966	19.7	20,591,840	20.6	(219,874)	(1.1)
Emergency Management	246,823	0.2	265,022	0.3	(18,199)	(6.9)
Fire Services	374,110	0.4	137,809	0.1	236,301	171.5
Medical Examiner	1,089,226	1.1	1,048,036	1.0	41,190	3.9
Beach Management	5,128,075	5.0	4,906,829	4.9	221,246	4.5
Growth Management	189,603	0.2	178,455	0.2	11,148	6.2
Environmental Management	1,518,536	1.5	1,384,689	1.4	133,847	9.7
Agriculture	541,959	0.5	519,845	0.5	22,114	4.3
Economic Resources	266,350	0.3	659,478	0.7	(393,128)	(59.6)
Veterans Services	444,563	0.4	441,624	0.4	2,939	0.7
Public Services	185,531	0.2	110,175	0.1	75,356	68.4
Childrens Services	1,324,323	1.3	1,311,035	1.3	13,288	1.0
Community Services	5,259,388	5.1	5,345,133	5.3	(85,745)	(1.6)
Public Health	2,591,070	2.5	1,853,619	1.9	737,451	39.8

GROUP EXPENDITURES AND OTHER USES	1998		1997		INCREASE (DECREASE)	
	AMOUNT	PERCENT OF TOTAL	AMOUNT	PERCENT OF TOTAL	AMOUNT	PERCENT
Parks & Recreation	2,871,819	2.8	2,649,340	2.6	222,479	8.4
Nondepartmental	3,989,925	3.9	3,667,664	3.7	322,261	8.8
<b>TOTAL EXPENDITURES</b>	<b>91,170,115</b>	<b>88.9</b>	<b>88,219,602</b>	<b>88.1</b>	<b>2,950,513</b>	<b>3.3</b>
Transfers Out	11,405,638	11.1	11,868,349	11.9	(462,711)	(3.9)
<b>TOTAL</b>	<b>\$102,575,753</b>	<b>100.0</b>	<b>\$100,087,951</b>	<b>100.0</b>	<b>\$2,487,802</b>	<b>2.5</b>

The net change in the General Fund's total fund balance is accounted for as follows:

	1998	1997
Total Fund Balance - Beginning of Year	\$6,682,050	\$5,460,970
Revenues and Other Financing Sources	106,160,626	101,879,384
Expenditures and Other Financing Uses	(102,575,753)	(100,087,951)
Residual Equity Transfers In	0	316,095
Residual Equity Transfers (Out)	(19,234)	(886,448)
<b>TOTAL FUND BALANCE - END OF YEAR</b>	<b>\$10,247,689</b>	<b>\$6,682,050</b>

The undesignated fund balance in the General Fund was \$8,272,958 at year end, or approximately 8.1% of actual expenditures and other financing uses.

### SPECIAL REVENUE FUNDS

The County's Special Revenue Funds account for the proceeds of specific revenue sources that are restricted to fund expenditures for specific purposes. The amount of revenues and other financing sources for fiscal year 1998 compared to 1997 is shown below:

SPECIAL REVENUE FUNDS	1998 AMOUNT	1997 AMOUNT	INCREASE (DECREASE)	
			AMOUNT	PERCENT
County Voted One Cent Gas Tax	\$2,541,016	\$2,551,497	(\$10,481)	(0.4)
County Transportation Trust	19,711,275	18,329,500	1,381,775	7.5
Library	9,713,068	8,107,173	1,605,895	19.8
East Volusia Mosquito Control District	2,932,844	2,567,190	365,654	14.2
Road Impact Fees	3,476,228	2,973,256	502,972	16.9
Convention Development Tax	5,814,337	5,883,193	(68,856)	(1.2)
Beach Management (1)	0	44,149	(44,149)	(100.0)
Ponce Inlet Port Authority	1,532,132	1,561,842	(29,710)	(1.9)
E-911 Emergency Telephone System	1,241,361	911,525	329,836	36.2
Special Lighting Districts	153,371	148,485	4,886	3.3
Ocean Center	4,013,957	3,067,532	946,425	30.9
Municipal Service District	34,600,194	34,517,001	83,193	0.2
Silver Sands/Bethune Beach Municipal Service District	7,847	10,538	(2,691)	(25.5)
Park Impact Fees	439,797	555,829	(116,032)	(20.9)
Fire Impact Fees	263,697	197,648	66,049	33.4
Court Improvement	10,983	0	10,983	100.0
Criminal Justice Reimbursement	591,923	654,645	(62,722)	(9.6)
Federal Emergency Disaster Relief	5,281,764	0	5,281,764	100.0
Federal and State Grants	16,223,086	15,988,446	234,640	1.5
<b>TOTAL</b>	<b>\$108,548,880</b>	<b>\$98,069,449</b>	<b>\$10,479,431</b>	<b>10.7</b>

(1) Transferred to General Fund in fiscal year 1997

The increase in Special Revenue Funds revenues and other financing sources during fiscal year 1998 can be attributed mainly to the creation of the Federal Emergency Disaster Relief Fund to account for the tornado and firestorm disasters and the increase in the Library property tax millage rate.

Expenditures and other financing uses from the various Special Revenue Funds for fiscal year 1998 compared to 1997 are shown below:

SPECIAL REVENUE FUNDS	1998 AMOUNT	1997 AMOUNT	INCREASE (DECREASE)	
			AMOUNT	PERCENT
County Voted One Cent Gas Tax	\$2,716,083	\$2,159,308	\$556,775	25.8
County Transportation Trust	20,740,786	19,710,869	1,029,917	5.2
Library	9,499,340	8,338,336	1,161,004	13.9
East Volusia Mosquito Control District	2,653,197	2,997,507	(344,310)	(11.5)
Road Impact Fees	1,754,640	4,178,452	(2,423,812)	(58.0)
Convention Development Tax	5,687,470	5,699,241	(11,771)	(0.2)
Ponce Inlet Port Authority	3,940,552	1,014,717	2,925,835	288.3
E-911 Emergency Telephone System	1,059,045	1,000,288	58,757	5.9
Special Lighting Districts	141,898	152,345	(10,447)	(6.9)
Ocean Center	6,306,872	3,197,593	3,109,279	97.2
Municipal Service District	34,800,981	33,816,834	984,147	2.9
Silver Sands/Bethune Beach Municipal Service District	10,217	62,699	(52,482)	(83.7)
Park Impact Fees	565,802	64,169	501,633	781.7
Fire Impact Fees	12,436	86,435	(73,999)	(85.6)
Criminal Justice Reimbursement	591,923	654,645	(62,722)	(9.6)
Federal Emergency Disaster Relief	3,272,268	0	3,272,268	100.0
Federal and State Grants	15,668,820	15,946,861	(278,041)	(1.7)
<b>TOTAL</b>	<b>\$109,422,330</b>	<b>\$99,080,299</b>	<b>\$10,342,031</b>	<b>10.4</b>

The increase in Special Revenue Funds expenditures and other financing uses during fiscal year 1998 can be attributed mainly to the creation of the Federal Emergency Disaster Relief Fund to account for the tornado and firestorm disasters, the Ocean Center purchase of property for a parking garage, and the Ponce Inlet Port Authority purchase of waterfront land for marine industry improvements.

### COUNTY ROAD PROGRAM

The County Road Program is accounted for within three special revenue funds. The County Voted One Cent Gas Tax Fund is used for road resurfacing projects and to repay bonds that financed construction of part of the East Coast Beltline. Its total fund balance declined by \$175,067 from fiscal year 1997 to fiscal year 1998's balance of \$2,077,415 largely due to changes in the timing of project completion. The Road Impact Fees Fund, representing all four road quadrants, is used for growth-related road improvements. Its total fund balance increased by \$1,721,588 to \$8,165,484, again due to changes in the timing of project completion. The County Transportation Trust Fund is

used primarily for the maintenance of the road system, but also includes all other road-related improvements. Its total fund balance declined by \$1,029,511 to \$8,265,149 due to escalating maintenance costs.

### **CAPITAL PROJECTS FUNDS**

The County maintains Capital Projects Funds to account for major capital improvement projects other than those accounted for in proprietary funds. Expenditures for Capital Projects Funds in fiscal year 1998 totaled \$11,979,288. The primary sources for financing this year's capital improvement programs consisted of intergovernmental revenues, miscellaneous revenues, and transfers from other funds. The major capital improvement expenditures for fiscal year 1998 related to the construction of two libraries and improvements to the County's Agricultural Center.

### **GENERAL FIXED ASSETS**

The General Fixed Assets of the County are those fixed assets used in the performance of general governmental functions and exclude the fixed assets of Enterprise and Internal Service Funds. The General Fixed Assets of the County totaled \$275,695,453 at September 30, 1998. This amount represents the original or estimated historical cost of the assets and bears no relation to their present value. Depreciation is not recorded in the General Fixed Assets Account Group.

Only assets which cost \$750 or more and which have a useful life of one year or more are considered fixed assets. However, there is one group of general fixed assets for which recording for stewardship purposes is less significant. These assets, consisting of certain public domain improvements, are limited to nonproprietary capital expenditures relating to roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems. Such assets normally are immovable and of value only to the County. Therefore, the County has elected not to record these improvements in the General Fixed Assets Account Group.

### **ENTERPRISE FUNDS**

Enterprise Funds are used to finance and account for acquisitions, operations, and maintenance of County facilities and services which are intended to be entirely or predominately self-supported from user charges. Operations are accounted for in such a manner to show a profit or loss on a basis comparable to industries in the private sector. The County operates five Enterprise Funds: Airport, Refuse Disposal, Volusia Transportation Authority, Garbage Collection, and Utilities.

The following table summarizes the revenues and transfers, expenses and transfers, net income (loss), and retained earnings for each of the Enterprise Funds for the year ended September 30, 1998:

<b>FUND</b>	<b>REVENUES AND TRANSFERS FROM OTHER FUNDS</b>	<b>EXPENSES AND TRANSFERS TO OTHER FUNDS</b>	<b>NET INCOME (LOSS)</b>	<b>RETAINED EARNINGS 09/30/98</b>
Airport	\$9,279,343	\$11,553,693	(\$2,274,350)	\$2,417,193
Refuse Disposal	13,802,172	13,166,504	635,668	24,350,911
Volusia Transportation Authority	10,461,093	11,214,995	(753,902)	4,570,942
Garbage Collection	4,805,026	5,228,281	(423,255)	827,047
Utilities	6,881,174	5,103,181	1,777,993	6,437,549

### INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods and services provided by one group to other groups of the County, or to other governmental units on a cost reimbursement basis. The County maintains four Internal Service Funds: Reproduction Services, Vehicle Maintenance, Insurance, and Employee Group Insurance. Revenues and transfers, expenses and transfers, net income (loss), and retained earnings (deficit) for the year ended September 30, 1998 are summarized below:

FUND	REVENUES AND TRANSFERS FROM OTHER FUNDS	EXPENSES AND TRANSFERS TO OTHER FUNDS	NET INCOME (LOSS)	RETAINED EARNINGS (DEFICIT) 09/30/98
Reproduction Services	\$984,056	\$1,045,201	(\$61,145)	\$164,264
Vehicle Maintenance	7,807,827	6,740,640	1,067,187	6,081,417
Insurance	5,516,725	7,854,952	(2,338,227)	(1,723,023)
Employee Group Insurance	7,771,728	7,839,095	(67,367)	1,341,534

### TRUST AND AGENCY FUNDS

Trust and Agency Funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The largest agency funds are the Tax Collector's Transfer and the Sheriff's Civil, Cash Bond and Fine with assets totaling \$3,548,704 and \$1,061,116, respectively. The Trust and Agency Funds have total assets of \$10,232,332 at September 30, 1998.

### PENSION PLANS

All qualified County employees participate in the Florida Retirement System. County employees do not contribute to the system. The County's contribution requirement for the year ended September 30, 1998 was \$15,531,243, representing 20.5 percent of covered payroll.

In addition, the County contributes to the Volunteer Firefighters Pension Plan. Volunteers do not contribute to the plan. In fiscal year 1998, the County contributed \$103,289 to the plan and paid out \$29,399 in benefits. As of September 30, 1998, plan net assets amounted to \$2,167,746. The most recent actuarial valuation reflects that the funding of the plan is more than adequate to meet plan obligations.

**DEBT ADMINISTRATION**

Fiscal year 1998 debt service payments and the balances outstanding on County bond issues at September 30, 1998 are listed below:

NAME	DEBT SERVICE PAYMENTS 1998	AMOUNT OUTSTANDING 09/30/98
<b>LONG-TERM DEBT BONDS:</b>		
1989 Service Fee Limited Revenue Bonds	\$147,147	\$1,839,335
1991A Sales Tax Improvement Refunding Revenue Bonds	3,509,085	30,875,000
1992 Limited Tax Refunding General Obligation Bonds	2,130,557	9,635,000
1992 Gas Tax Revenue Bonds	692,040	3,390,000
1993 Tourist Development Tax Refunding Revenue Bonds	2,591,621	28,315,000
1993 Sales Tax Improvement Refunding Revenue Bonds	670,351	9,150,000
1994 Sales Tax Improvement Revenue Bonds	1,456,841	15,925,000
1994 Guaranteed Entitlement Revenue Bonds	1,784,885	10,675,000
1995 Special Assessment Improvement Bonds	484,001	1,650,000
1996 Sales Tax Improvement Revenue Bonds	799,763	9,690,000
<b>TOTAL LONG-TERM DEBT - BONDS</b>	<b>14,266,291</b>	<b>121,144,335</b>
<b>PROPRIETARY DEBT - BONDS:</b>		
1989 Water and Sewer Revenue Bonds	308,861	0
1991 Airport System Revenue Bonds	2,267,819	32,665,000
1993 Airport System Revenue Refunding Bonds	684,280	12,515,000
1993 Water and Sewer Revenue Refunding and Improvement Bonds	368,869	7,190,000
1998 Water and Sewer Revenue Bonds	0	5,085,000
Less: Unamortized Bond Costs		(3,671,782)
<b>TOTAL PROPRIETARY DEBT - BONDS</b>	<b>3,629,829</b>	<b>53,783,218</b>
<b>TOTAL DEBT - BONDS PRIMARY GOVERNMENT</b>	<b>\$17,896,120</b>	<b>\$174,927,553</b>



Additionally, the County has other forms of debt outstanding relating to lease purchases, notes, and revolving loans. Fiscal year 1998 debt service payments and the balances outstanding on such debt at September 30, 1998 are listed below:

<b>LONG-TERM DEBT NOTES PAYABLE</b>	<b>DEBT SERVICE PAYMENTS 1998</b>	<b>BALANCES OUTSTANDING 09/30/98</b>
Promissory Note to SunTrust Bank for emergency funds for wildfire expenses	\$0	\$2,000,000
Installment purchase agreement with General Electric Leasing for purchase of computer and other equipment	312,217	1,288,838
Installment purchase agreement with General Electric Leasing for purchase of computer and other equipment	102,836	0
Installment purchase agreement with Toshiba Leasing for purchase of computers	0	174
Installment purchase agreement with General Electric Leasing for purchase of computer and other equipment	84,797	14,046
Installment purchase agreement with General Electric Leasing for purchase of computer and other equipment	442,445	293,187
Installment purchase agreement with General Electric Leasing for purchase of computer and other equipment	1,647,349	1,989,924
Installment purchase agreement with Global Elections for purchase of election equipment	195,883	401,442
Installment purchase agreement with General Electric Leasing for purchase of helicopters	395,113	1,228,731
<b>TOTAL LONG-TERM DEBT NOTES PAYABLE</b>	<b>3,180,640</b>	<b>7,216,342</b>
<b>PROPRIETARY DEBT NOTES PAYABLE:</b>		
Airport Land Acquisition Program	0	4,202,025
Wastewater Facilities Revolving Loan Program	0	2,346,942
Upgrade of the Deltona North Water Reclamation Facility with the State of Florida	125,504	1,699,328
Installment purchase agreement with General Electric Leasing for purchase of computer and other equipment	70,516	85,180
<b>TOTAL PROPRIETARY DEBT NOTES PAYABLE</b>	<b>196,020</b>	<b>8,333,475</b>
<b>TOTAL NOTES PAYABLE</b>	<b>\$3,376,660</b>	<b>\$15,549,817</b>

## CASH MANAGEMENT

Cash balances of all County funds are pooled and invested pursuant to the following criteria: term, liquidity, yield, and safety. In February 1998, the County Council amended the County's formal investment policy. This policy allows the County to invest in the State of Florida Local Government Surplus Funds Trust Fund; Florida Counties Investment Trust; negotiable direct obligations which are unconditionally guaranteed by the United States Government; bonds, debentures, notes, and other indebtedness guaranteed by United States Government agencies; money market mutual funds regulated by the Securities and Exchange Commission; Bankers Acceptances;

Commercial Paper; non-negotiable interest-bearing time certificates of deposit or saving accounts; repurchase agreements; and state and/or local government taxable and tax-exempt debt. Additionally, the County may invest Volunteer Firefighters Pension funds in equities.

During fiscal year 1998, the County's cash resources were primarily invested in the State of Florida Local Government Surplus Funds Trust Fund, U. S. Treasury and Agency issues, and repurchase agreements. The County did not invest in any derivatives or similar debt and investment instruments. The interest rates received by the County for the fiscal year ranged from 5.88% to 6.23% and yielded \$8,482,330 in interest income. For additional information concerning the investment of surplus funds, refer to Note 3 of the Notes to Financial Statements.

## **RISK MANAGEMENT**

Risk Management, established in 1976, manages the self-insurance and loss-control programs of the County. The County self-insures its workers' compensation, public liability, and physical damage risks. To meet the potential losses related to these risks, funding is generated from user charges to the various funds that participate in the plan and is accumulated in the Insurance Fund. In addition, the plan sponsors a loss-control program that requires frequent inspections of County buildings to identify hazards and on-going loss prevention training classes to lessen the frequency and severity of accident-related losses.

## **OTHER INFORMATION**

### **INDEPENDENT AUDIT**

Florida Statutes require an annual audit of each local governmental entity's accounts and records by an independent certified public accountant. The accounting firm of PricewaterhouseCoopers LLP, in association with Harris, Cotherman, O'Keefe, and Associates and Brent Millikan & Company, was selected by the County Council to perform this annual audit. The Report of Independent Accountants on the County's General Purpose Financial Statements is included at the beginning of the financial section of this report.

### **CERTIFICATE OF ACHIEVEMENT**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Volusia for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 1997.

The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for presentation of state and local government financial reports. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. These reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current Comprehensive Annual Financial Report conforms to the Certificate of Achievement Program requirements, and it will be submitted to the GFOA to determine its eligibility for another certificate.

## **ACKNOWLEDGMENTS**

A Comprehensive Annual Financial Report of this nature could not have been prepared without the dedicated efforts of the staff of Accounting Services. I would like to express my sincere appreciation to the Accounting Services Director and to each member of Accounting Services who assisted and contributed in the preparation of this report. I would also like to thank the County Manager and the Chair and members of the County Council for their leadership and support in planning the financial operations of the County in a responsible and progressive manner.

Sincerely,

Richard M. Kelton  
Chief Financial Officer