

# TRANSMITTAL LETTER

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# County of Volusia

## CHIEF FINANCIAL OFFICER

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March 9, 2000

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, 1999 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, Harris, Cotheman, O'Keefe and Associates, 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 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.

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

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 30<sup>th</sup> 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**

At September 30, 1999, the General Fund equity totaled \$14,190,243. After providing for required reserves, the undesignated fund balance was \$12,504,619, an increase over the previous fiscal year's balance of \$8,272,958. 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 2000. This surplus resulted from actual revenues and other financing sources exceeding estimates by \$3.8 million and expenditures and other financing uses under budget by \$7.4 million. The major expenditure savings occurred in general governmental services and economic environment in the amounts of \$4.4 and \$1.7 million, respectively. The County's other fund types have also concluded the fiscal year in sound financial condition.

### **ECONOMIC**

Volusia County's economy is healthy, but greater diversity is still needed. The economy remains largely service sector driven and dependent on tourism, both affected by fluctuations in the national economy. The County continues to seek clean, well-paying industrial jobs. The County allocated one-tenth of a mill of property tax (approximately \$1.3 million) to support the operation of the Volusia County Business Development Corporation (VCBDC) and to provide seed money to help new and existing businesses with job-generating expansions in Volusia County.

While businesses of all sizes are the target of the County's economic development recruitment efforts, considerable effort has been made this past year on a proposal to attract a microcomputer chip manufacturer. Working with Enterprise Florida, Florida Power Corporation, and the City of DeBary, the County, through the VCBDC, is promoting a site ideal for this type of industry in southwest Volusia County. In conjunction with this proposal, the County has spent much of the past year working with private landowners and neighboring cities to create a partnership to develop an industrial park along

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Interstate 4 (I-4) in southwest Volusia. Prime, undeveloped land near the I-4/State Road 472 interchange is ideal for an industrial/business park.

The County has been working with the VCBDC to attract boat manufacturers and other water-related industries. To promote this plan, the County acquired property in southeast Volusia County with direct access to the Intracoastal Waterway. It is proposed that this site be developed into a marine-related commerce park.

The public-private Take Part II study provided the blueprint for revitalization of the core beachside area of Daytona Beach with a series of related actions. The study cited the need for several hundred new hotel rooms near the Ocean Center, bandshell, and boardwalk areas. This recommendation will be implemented when construction of the privately funded Ocean Walk project is completed in 2001.

At the urging of business leaders, the County Council set the stage for the Ocean Walk project by agreeing to prohibit beach driving on a one-mile stretch of Daytona Beach. To facilitate such measures, construction has begun on the 1,500-space, six-story parking garage located next to the Ocean Center. The facility will provide parking for beach-goers and patrons of the Ocean Center, Adventure Landing, and Ocean Walk. The cost of the parking garage is estimated at \$12 million funded from private financing. Part of this parking structure will be a ground floor intermodal center for public transportation. Federal and state grants will fund \$7 million and the County will contribute approximately \$1 million toward the cost of the intermodal center.

Adventure Landing, Ocean Walk, and the expansion of the Adam's Mark Hotel will attract convention and exhibit business for the Ocean Center. County leaders believe it is time to expand the Ocean Center to accommodate larger events. To this effort, planning is underway to add more exhibit space.

Through public-private partnerships and the inevitable march of the I-4 corridor north, Volusia County's economy has improved and its future is bright. Other significant initiatives and accomplishments during fiscal year 1999 include the following:

- Two new air carriers: Atlantic Southeast, a regional air carrier, and Vintage Props and Jets, a charter airline, initiated service at the Daytona Beach International Airport.
  - An additional airport hotel, the Hilton Garden Inn, has begun construction. A Marriott Courtyard is expected to begin construction soon.
  - Developed a refinancing plan for the Airport Refunding Bonds, Series 1991 to permit the County to realize debt service savings beginning in fiscal year 2002.
  - Ocean Village, a retail and entertainment center, is planned between Ocean Walk and the Adams Mark Hotel.
  - Issued \$59.25 million in Subordinate Lien Sales Tax Revenue Bonds to fund construction of the new Volusia County courthouse, continue restoration of the historic courthouse in DeLand, and to refund the \$10 million 1996 Sales Tax Revenue Bonds.
  - Continued renovation of the historic DeBary Hall in DeBary.
  - Adopted a lighting ordinance to protect sea turtle hatchlings.
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- Negotiated a five-year soft drink sponsorship agreement with the Coca-Cola Company to promote national and international marketing of Volusia County, while also generating additional revenues to help maintain the County's beaches and parks.
  - Adopted an additional five-cent per gallon local option gas tax, effective January 1, 2000, to be shared by the County and its cities to fund new road construction and public transportation expenses.
  - Revised the process for authorizing and approving the issuance of conduit debt on behalf of the Volusia County Health Facilities, Education Facilities, Housing Finance, and Industrial Development Authorities.
  - Began financing short-term needs through the Florida Association of Counties' Commercial Paper Program.
  - Revised the road impact fee schedule to better reflect trip generations by land use.
  - Received \$2.9 million in FEMA funds reimbursing the costs associated with the 1998 wildfires.
  - Applied for \$2.2 million in FEMA funds for Hurricane Floyd.
  - Installed a new OS 390 enterprise server that replaced two older IBM 9000 mainframes.
  - Tested all automated systems for Y2K compliance, and upgraded or replaced where necessary.
  - Completed benchmarking studies for the Sheriff, Parks and Recreation, and Growth Management.
  - Contracted with private companies to:
    - Operate a private automobile tag office in Volusia County.
    - Provide credit card acceptance services for the County.
    - Install an Automated Voice Response System Module for Tag/Tax Software System.
  - Completed the final testing and acceptance of the 800 MHz system, expanded the backbone, and reached an agreement with the City of Daytona Beach to put their public safety communications on the system.
  - Conducted the 1999 Volusia County Citizens Survey with 74 percent of the respondents rating the overall quality of all Volusia County services as "excellent" or "good."
  - Purchased Green Springs for inclusion in the Spring to Spring Trails program.
  - Broke ground for the Environmental Learning Center in Ponce Inlet, the County's first center of learning for marine science.
  - Completed construction of the 27<sup>th</sup> Avenue and Sunsplash beachfront parks.
  - Initiated actions to improve the area's ecological, cultural, heritage, and outdoor tourism offerings and promoting these offerings under the acronym ECHO tourism. A docent program has been developed and a segment of the County's web site (volusia.org) has been developed showcasing ECHO.
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- Continued negotiations between Amtrak and the Florida East Coast Railway in hopes of establishing a route that would include service to and from eastern Volusia County.

## **MANAGEMENT**

Elections in the fall of 1998 resulted in four new County Council members. Two new members took their seats in November and the remaining two in January 1999.

The County's needs are being addressed through cooperative efforts and partnerships with city, state, and federal governments, business and industry leaders, education officials, and citizens. While County government provides the leadership and infrastructure, 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 maximizing Volusia's strategic location and high quality of life.

## **GOALS**

The County Council developed the following goals for 1999:

- Improve Government Operations – The County of Volusia is committed to delivering public services in the most cost effective and innovative manner. The following goals demonstrate the County Council's desire to constantly improve services to its citizens:
    - Strategic Planning and Restructuring
    - County Council Advisory Boards
    - Minority Hiring Practices
    - Improvements in Technology
    - Employee Programs
  - Intergovernmental Relationships – The Volusia County Council is committed to working with other government agencies to better our community. The highest priority is to conduct productive, civic dialogue to foster positive inter-governmental relationships through the following plans and programs:
    - Health and Human Services Restructuring
    - Local Government Study Commission
    - Children's Services Council
    - Watershed Programs
    - Summits/Workshops
  - Economic Development/Tourism – The Volusia County Council will pursue the following goals to improve the economic vitality of our area:
    - Beach Improvements
    - Capital and Infrastructure Improvements
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- Ecological, Cultural, Heritage, and Outdoor Tourism
- Opportunities for Economic Development
- Recruit additional airlines/flights for Daytona Beach International Airport
- Natural Environment – The County of Volusia is dedicated to preserving our unique natural assets and protecting our endangered species for the benefit of all Floridians. The County Council will pursue specific goals to enhance and protect our natural environment.

The Volusia County Council encourages citizen participation in these goals and welcomes input on these important issues.

## **FUTURE PROGRAMS**

The following projects and programs are scheduled for fiscal year 2000:

- Complete construction of:
    - Sheriff's training center
    - Off-beach parking sites
    - Veterans Memorial Parkway in southwest Volusia
    - Winterhaven Park in Ponce Inlet
    - Renovations to DeBary Hall
  - Begin construction of the new Volusia County Courthouse and parking garage in DeLand.
  - Obtain grant funding for development of a one-stop permitting Internet site.
  - Complete negotiations with several businesses considering relocating to Volusia County.
  - Recruit additional airline service for the Daytona Beach International Airport.
  - Complete a financial feasibility and market analysis study for the expansion of exhibit space at the Ocean Center.
  - Review fire and park impact fees.
  - Issue a Request For Proposal and select an Enterprise Resource Planning System, a new information package based on best business practices. The financial modules will be the first to be purchased and installed.
  - Open a private automobile tag office in southwest Volusia.
  - Begin construction of PFC Emory Bennett Park.
  - Acquire land in the Ormond Beach area for off-beach parking sites.
  - Continue development of the Spring to Spring Trails program including additional land purchases. The trail will eventually run from Green Springs to DeLeon Springs.
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- Consider a referendum to approve a general obligation bond program to fund the acquisition of environmentally sensitive lands and ECHO related projects.
- Kickoff the ECHO Ranger program aimed at school-aged children in the community.
- Adopt a County policy regarding a recent constitutional amendment permitting municipalities to provide additional exemptions up to \$25,000 from property taxes for homeowners age 65 or older whose adjusted gross income does not exceed \$20,000 per year.

## **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 judgments 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.

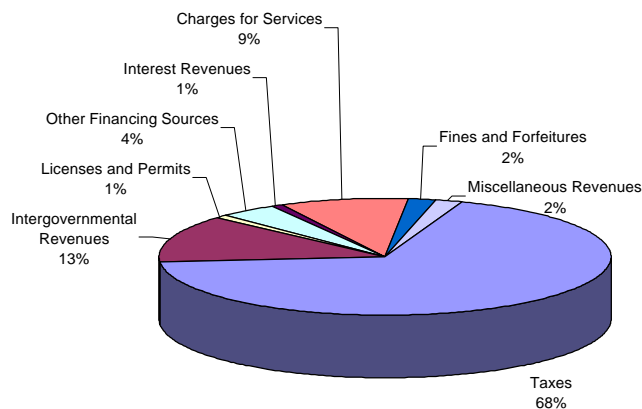
## **GENERAL FUND**

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.

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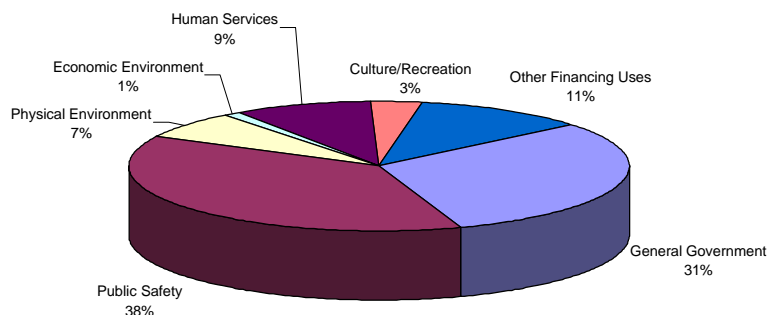
## GENERAL FUND REVENUES AND OTHER FINANCING SOURCES



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 68 percent of the \$112,550,544 in total revenues and other financing sources. The \$6,389,918 increase in total revenues and other financing sources is attributed mainly to an increase in tax revenues, state-shared revenues, and proceeds from notes payable.

REVENUES AND OTHER FINANCING SOURCES	1999 AMOUNT	1998 AMOUNT	INCREASE (DECREASE)	
			AMOUNT	PERCENT
Taxes	\$77,338,312	\$74,327,241	\$3,011,071	4.1
Licenses and Permits	257,527	238,258	19,269	8.1
Intergovernmental Revenues	14,507,318	13,352,725	1,154,593	8.6
Charges for Services	10,354,304	9,428,750	925,554	9.8
Fine and Forfeitures	2,404,168	2,103,596	300,572	14.3
Interest Revenues	1,332,895	2,119,528	(786,633)	(37.1)
Miscellaneous Revenues	1,997,187	1,678,683	318,504	19.0
<b>TOTAL REVENUES</b>	<b>108,191,711</b>	<b>103,248,781</b>	<b>4,942,930</b>	<b>4.8</b>
Transfers and Other Financing Sources	4,358,833	2,911,845	1,446,988	49.7
<b>TOTAL</b>	<b>\$112,550,544</b>	<b>\$106,160,626</b>	<b>\$6,389,918</b>	<b>6.0</b>

## **GENERAL FUND EXPENDITURES AND OTHER FINANCING USES**



Expenditures and other financing uses for General Fund functions totaled \$108,607,990 for the fiscal year ended September 30, 1999, a 5.9 percent increase over the previous years total of \$102,575,753. The \$6,032,237 increase in expenditures and other financing uses during fiscal year 1999 is attributed mainly to increased expenditures in Corrections and Information Technology.

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EXPENDITURES AND OTHER USES	1999	PERCENT OF TOTAL	1998	PERCENT OF TOTAL	INCREASE (DECREASE)	
	AMOUNT		AMOUNT		AMOUNT	PERCENT
GROUP:						
County Council	\$341,134	0.3	\$295,561	0.3	\$45,573	15.4
County Manager	850,766	0.8	894,815	0.9	(44,049)	(4.9)
Financial Services	3,220,463	3.0	3,178,720	3.1	41,743	1.3
County Attorney	664,723	0.6	528,437	0.5	136,286	25.8
Elections	1,555,510	1.4	1,382,493	1.3	173,017	12.5
Internal Auditing	77,290	0.1	56,141	0.1	21,149	37.7
Property Appraisal	4,045,974	3.7	3,780,755	3.7	265,219	7.0
Growth Management Commission	212,194	0.2	180,630	0.2	31,564	17.5
Clerk/Courts	1,570,055	1.4	1,551,149	1.5	18,906	1.2
Justice System	3,880,623	3.6	4,067,472	4.0	(186,849)	(4.6)
State Mandated Justice System	945,887	0.9	903,841	0.9	42,046	4.7
Support Services	1,492,435	1.4	1,454,046	1.4	38,389	2.6
Facilities Management	5,417,278	5.0	4,797,729	4.7	619,549	12.9
Information Technology	5,869,644	5.4	4,820,122	4.7	1,049,522	21.8
Sheriff	17,445,684	16.0	16,884,937	16.5	560,747	3.3
Corrections	21,940,693	20.2	20,371,966	19.7	1,568,727	7.7
Emergency Management	215,737	0.2	246,823	0.2	(31,086)	(12.6)
Fire Services	380,296	0.3	374,110	0.4	6,186	1.7
Medical Examiner	1,108,561	1.0	1,089,226	1.1	19,335	1.8
Beach Management	5,376,095	4.9	5,128,075	5.0	248,020	4.8
Growth Management	202,151	0.2	189,603	0.2	12,548	6.6
Environmental Management	1,470,425	1.4	1,518,536	1.5	(48,111)	(3.2)
Agriculture	510,509	0.5	541,959	0.5	(31,450)	(5.8)
Economic Resources	111,274	0.1	266,350	0.3	(155,076)	(58.2)
Veterans Services	424,406	0.4	444,563	0.4	(20,157)	(4.5)
Public Services	0	0.0	185,531	0.2	(185,531)	(100.0)
Childrens Services	1,405,091	1.3	1,324,323	1.3	80,768	6.1
Community Services	5,586,024	5.1	5,259,388	5.1	326,636	6.2
Public Health	2,685,432	2.5	2,591,070	2.5	94,362	3.6
Parks & Recreation	3,131,741	2.9	2,871,819	2.8	259,922	9.1
Nondepartmental	4,413,534	4.1	3,989,925	3.9	423,609	10.6
TOTAL EXPENDITURES	96,551,629	88.9	91,170,115	88.9	5,381,514	5.9
Transfers Out	12,056,361	11.1	11,405,638	11.1	650,723	6
TOTAL	\$108,607,990	100.0	\$102,575,753	100.0	\$6,032,237	5.9

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

	<b>1999</b>	<b>1998</b>
Total Fund Balance - Beginning of Year	\$10,247,689	\$6,682,050
Revenues and Other Financing Sources	112,550,544	106,160,626
Expenditures and Other Financing Uses	(108,607,990)	(102,575,753)
Residual Equity Transfers (Out)	0	(19,234)
<b>TOTAL FUND BALANCE - END OF YEAR</b>	<b>\$14,190,243</b>	<b>\$10,247,689</b>

The undesignated fund balance in the General Fund was \$12,504,619 at year-end, or approximately 11.5 percent 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 1999 compared to 1998 is shown on the following table:

<b>SPECIAL REVENUE FUNDS REVENUES AND OTHER FINANCING SOURCES</b>	<b>1999 AMOUNT</b>	<b>1998 AMOUNT</b>	<b>INCREASE (DECREASE)</b>	
			<b>AMOUNT</b>	<b>PERCENT</b>
County Voted One Cent Gas Tax	\$2,477,121	\$2,541,016	(\$63,895)	(2.5)
County Transportation Trust	19,519,012	19,711,275	(192,263)	(1.0)
Library	9,750,180	9,713,068	37,112	0.4
East Volusia Mosquito Control District	2,997,479	2,932,844	64,635	2.2
Road Impact Fees	4,038,505	3,476,228	562,277	16.2
Convention Development Tax	6,475,270	5,814,337	660,933	11.4
Ponce Inlet Port Authority	1,349,667	1,532,132	(182,465)	(11.9)
E-911 Emergency Telephone System	1,309,355	1,241,361	67,994	5.5
Special Lighting Districts	149,956	153,371	(3,415)	(2.2)
Ocean Center	3,606,263	4,013,957	(407,694)	(10.2)
Municipal Service District	38,007,418	34,600,194	3,407,224	9.8
Silver Sands/Bethune Beach MSD	9,777	7,847	1,930	24.6
Park Impact Fees	375,550	439,797	(64,247)	(14.6)
Fire Impact Fees	262,169	263,697	(1,528)	(0.6)
Court Improvement	68,582	10,983	57,599	524.4
Criminal Justice Reimbursement	580,072	591,923	(11,851)	(2.0)
Federal Emergency Disaster Relief	1,183,488	5,281,764	(4,098,276)	(77.6)
Federal and State Grants	21,187,815	16,223,086	4,964,729	30.6
<b>TOTAL</b>	<b>\$113,347,679</b>	<b>\$108,548,880</b>	<b>\$4,798,799</b>	<b>4.4</b>

The increase in Special Revenue Funds revenues and other financing sources during fiscal year 1999 can be attributed mainly to more Federal and State grant programs being awarded and an increase in the collection of utility taxes and state-shared revenues in the Municipal Service District.

Expenditures and other financing uses from the various Special Revenue Funds for fiscal year 1999 compared to 1998 are shown on the following table:

SPECIAL REVENUE FUNDS EXPENDITURES AND OTHER USES	1999 AMOUNT	1998 AMOUNT	INCREASE (DECREASE)	
			AMOUNT	PERCENT
County Voted One Cent Gas Tax	\$2,134,788	\$2,716,083	(\$581,295)	(21.4)
County Transportation Trust	20,764,874	20,740,786	24,088	0.1
Library	10,025,961	9,499,340	526,621	5.5
East Volusia Mosquito Control District	3,085,479	2,653,197	432,282	16.3
Road Impact Fees	3,741,449	1,754,640	1,986,809	113.2
Convention Development Tax	6,233,100	5,687,470	545,630	9.6
Ponce Inlet Port Authority	595,599	3,940,552	(3,344,953)	(84.9)
E-911 Emergency Telephone System	1,178,350	1,059,045	119,305	11.3
Special Lighting Districts	142,506	141,898	608	0.4
Ocean Center	3,257,103	6,306,872	(3,049,769)	(48.4)
Municipal Service District	36,445,366	34,800,981	1,644,385	4.7
Silver Sands/Bethune Beach MSD	10,266	10,217	49	0.5
Park Impact Fees	33,034	565,802	(532,768)	(94.2)
Fire Impact Fees	529,949	12,436	517,513	4,161.4
Court Improvement	43,138	0	43,138	100.0
Criminal Justice Reimbursement	580,072	591,923	(11,851)	(2.0)
Federal Emergency Disaster Relief	3,351,695	3,272,268	79,427	2.4
Federal and State Grants	20,903,840	15,668,820	5,235,020	33.4
<b>TOTAL</b>	<b>\$113,056,569</b>	<b>\$109,422,330</b>	<b>\$3,634,239</b>	<b>3.3</b>

The increase in Special Revenue Funds expenditures and other financing uses during fiscal year 1999 can be attributed mainly to more Federal and State grants being awarded, an increase in the volume of projects within the Road Program involving Road Impact Fees, and Fire Impact Fees being transferred for capital purchases.

## COUNTY ROAD PROGRAM

The County Road Program has been accounted for within three special revenue funds. The County Voted One Cent Gas Tax Fund has been used for road resurfacing projects and to repay bonds that financed construction of part of the East Coast Beltline. At year end, its resources were transferred to the County Transportation Trust Fund. The Road Impact Fees Fund, representing all four road quadrants, is used for growth-related road improvements. Its total fund balance increased by \$297,056 to \$8,462,540 due to

changes in the timing of project completion. The County Transportation Trust Fund is primarily used for the maintenance of the road system, but also includes all other road-related improvements. Its total fund balance increased by \$1,173,886 to \$9,439,035 due to the residual equity transfer from the County Voted One Cent Gas Tax Fund.

## **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 1999 totaled \$6,292,073. The primary sources for financing this year's capital improvement programs consisted of charges for services, interest, and proceeds from bonds. The major capital improvement expenditure for fiscal year 1999 related to the financing and construction of the new Volusia County Courthouse.

## **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. At September 30, 1999, the General Fixed Assets of the County totaled \$281,339,616. 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 those assets which cost \$750 or more and 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, construction, 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 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, 1999:

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<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 09/30/99</b>
Airport	\$9,113,666	\$11,139,989	(\$2,026,323)	\$3,640,816
Refuse Disposal	15,344,277	13,327,609	2,016,668	26,398,573
Volusia Transportation Authority	11,398,853	12,309,187	(910,334)	4,873,203
Garbage Collection	4,757,919	5,077,038	(319,119)	513,111
Utilities	6,931,971	5,981,287	950,684	7,756,692

## 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, 1999 are summarized on the following table:

<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 (DEFICIT) 09/30/99</b>
Reproduction Services	\$829,850	\$861,733	(\$31,883)	\$132,408
Vehicle Maintenance	7,400,359	6,752,023	648,336	6,757,857
Insurance	4,191,222	8,223,824	(4,032,602)	(5,755,625)
Employee Group Insurance	11,204,301	12,120,958	(916,657)	424,877

## 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 \$4,018,058 and \$1,467,468, respectively. The Trust and Agency Funds have total assets of \$12,471,802 at September 30, 1999.

## 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, 1999 was \$14,481,576, representing 18.32 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 1999, the County contributed \$103,289 to the plan and paid out \$36,897 in benefits. As of September 30, 1999, plan net assets amounted to \$2,625,625.

## DEBT ADMINISTRATION

Fiscal year 1999 debt service payments and the balances outstanding on County bond issues at September 30, 1999 are listed on the following table:

<b>BONDS</b>	<b>DEBT SERVICE PAYMENTS 1999</b>	<b>AMOUNT OUTSTANDING 09/30/99</b>
<b>LONG TERM DEBT BONDS:</b>		
1989 Service Fee Limited Revenue Bonds	\$760,258	\$1,226,224
1991A Sales Tax Improvement Refunding Revenue Bonds	3,511,325	29,175,000
1992 Limited Tax Refunding General Obligation Bonds	2,132,497	8,050,000
1992 Gas Tax Revenue Bonds	656,040	2,920,000
1993 Tourist Development Tax Refunding Revenue Bonds	2,593,193	27,110,000
1993 Sales Tax Improvement Refunding Revenue Bonds	673,183	8,945,000
1994 Sales Tax Improvement Revenue Bonds	1,455,620	15,310,000
1994 Guaranteed Entitlement Revenue Bonds	1,791,554	9,365,000
1995 Special Assessment Improvement Bonds	445,875	1,315,000
1996 Sales Tax Improvement Revenue Bonds	562,091	0
1998 Subordinate Lien Sales Tax Improvement Revenue Bonds	1,274,537	59,250,000
<b>TOTAL LONG TERM DEBT - BONDS</b>	<b>15,856,173</b>	<b>162,666,224</b>
<b>PROPRIETARY DEBT - BONDS:</b>		
1991 Airport System Revenue Bonds	2,233,460	32,075,000
1993 Airport System Revenue Refunding Bonds	672,665	12,240,000
1993 Water and Sewer Revenue Refunding and Improvement Bonds	365,381	7,100,000
1998 Water and Sewer Revenue Bonds	162,762	5,085,000
Less: Unamortized Bond Costs		(3,499,690)
<b>TOTAL PROPRIETARY DEBT - BONDS</b>	<b>3,434,268</b>	<b>53,000,310</b>
<b>TOTAL DEBT - BONDS PRIMARY GOVERNMENT</b>	<b>\$19,290,441</b>	<b>\$215,666,534</b>



Additionally, the County has other forms of debt outstanding relating to lease purchases, notes, and revolving loans. Fiscal year 1999 debt service payments and the balances outstanding on such debt at September 30, 1999 are listed on the following table:

<b>NOTES PAYABLE</b>	<b>DEBT SERVICE PAYMENTS 1999</b>	<b>BALANCES OUTSTANDING 09/30/99</b>
<b>LONG-TERM DEBT NOTES PAYABLE:</b>		
Promissory Note to SunTrust Bank for emergency funds for wildfire expenses	\$2,000,000	\$0
Installment purchase agreement with General Electric Leasing for purchase of computers and other equipment	532,856	809,538
Installment purchase agreement with Toshiba Leasing for computers	174	0
Installment purchase agreement with General Electric Leasing for purchase of computers and other equipment	14,133	0
Installment purchase agreement with General Electric Leasing for purchase of computers and other equipment	244,632	60,516
Installment purchase agreement with General Electric Leasing for purchase of computers and other equipment	1,647,349	408,314
Installment purchase agreement with Global Elections for purchase of election equipment	195,883	221,545
Installment purchase agreement with General Electric Leasing for purchase of helicopters	395,113	906,645
Installment purchase agreement with Fla. Assn. of Counties for purchase of computers and other equipment	241,715	4,032,000
<b>TOTAL LONG-TERM DEBT NOTES PAYABLE</b>	<b>5,271,855</b>	<b>6,438,558</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	117,885	1,631,751
Southwest Regional Water Reclamation Facility Revolving Loan Program	0	217,156
Installment purchase agreement with General Electric Leasing for purchase of computers and other equipment	70,516	17,478
<b>TOTAL PROPRIETARY DEBT NOTES PAYABLE</b>	<b>188,401</b>	<b>8,415,352</b>
<b>TOTAL NOTES PAYABLE</b>	<b>\$5,460,256</b>	<b>\$14,853,910</b>

## CASH MANAGEMENT

Cash balances of all County funds are pooled and invested pursuant to the following criteria: term, liquidity, yield, and safety. The County's formal investment 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 1999, 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 5.26% to 6.07% and yielded \$9,583,448 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 Harris, Cotherman, O Keefe, and Associates, in association with 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.

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## **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, 1998.

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

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