

# TRANSMITTAL LETTER

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# County of Volusia

## CHIEF FINANCIAL OFFICER

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March 8, 2001

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, 2000 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, Cotherman, 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, 2000, the General Fund equity totaled \$20,867,774. After providing for required reserves, the undesignated fund balance was \$18,913,650, an increase over the previous fiscal year's balance of \$14,190,243. 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 2001. This surplus resulted from actual revenues and other financing sources exceeding estimates by \$3.9 million, expenditures and other financing uses under budget by \$10.9 million, and beginning fund balance carried forward under budget by \$6.0 million. The major expenditure savings occurred in general governmental services and economic environment in the amounts of \$7.0 and \$1.4 million, respectively. The County's other fund types have also concluded the fiscal year in sound financial condition.

### **ECONOMIC**

Volusia County's economy is the strongest it has been since the 1980s. The County's March 2000 unemployment rate of 2.8% is at one of the lowest levels recorded by the Florida Department of Labor. In addition to low unemployment, wage growth surpassed inflation for the second year. The 3.7% wage growth was greater than the statewide growth of 2.6%. However, in actual dollars, Volusia County's average annual salary still trails the statewide and central Florida averages by approximately \$4,500. Volusia County's economy also is reaping the benefits of the nation's economic boom. The total taxable value of commercial and residential properties increased by approximately 8%.

The County is continuing its efforts to work with private landowners and neighboring cities to create a partnership to develop an industrial park along 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. Construction of a new twin-span I-4 bridge over the St. Johns River between Volusia and Seminole

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Counties will enhance transportation to southwest Volusia and encourage private industry to locate to the area.

Daytona Beach International Airport (DBIA) is beginning to experience a turnaround. After years of declining use, the Airport experienced increased passenger traffic during the last quarter of the fiscal year compared to the same prior year period. Continental Express, a subsidiary of Continental Airlines, launched Saturday and Sunday flights to Cleveland, Ohio on December 16, 2000 and will continue through April 2001.

Annual federal funding has doubled for DBIA and other small-market airports. A change in federal funding laws will permit federal airport improvement funds to pay debt service, a provision not previously allowed.

The U.S. Tennis Association's (USTA) decision to move its headquarters to the Ladies Professional Golf Association development in Daytona Beach is another enhancement to Volusia County's overall economy. A proposed \$2 million complex will include 24 state-of-the-art soft-composition lighted tennis courts; a grandstand with 1,000 permanent seats; a 6,000 square foot pro shop and clubhouse to be operated by the City of Daytona Beach; and a 3,500 square foot office complex for the Florida Section of the USTA. The City of Daytona Beach will fund \$1.25 million of the complex's cost and the County of Volusia and the Daytona Beach Racing and Recreational Facilities Commission each will contribute \$375,000. The building could be ready for occupancy as early as the fall of 2001. The tennis complex will be owned by the City of Daytona Beach and leased to the Florida Section of the USTA. In the next 10 years a minimum of 10 tournaments per year will be sponsored by the USTA.

Other significant initiatives and accomplishments during fiscal year 2000 include the following:

- Continued the \$200 million redevelopment of the core beachside tourist area.
  - On March 1, opened a privately owned and operated parking garage near the Ocean Center.
  - On March 1, prohibited vehicles from a one-mile portion of the beach near the Ocean Center and Ocean Walk.
  - In March, beach tram service began. These open-air trams shuttle beachgoers to and from the Ocean Center parking garage and the beach, with stops along the boardwalk.
  - Ocean Village, a retail and entertainment center, is planned between Ocean Walk and the Adams Mark Hotel.
  - Approved an agreement with the City of Deltona to develop a comprehensive plan to establish the Southwest Activities center, a light manufacturing and office center at the intersection of I-4 and State Road 472.
  - Refunded the County's outstanding Airport System Revenue Bonds, Series 1991 to permit the County to realize debt service savings beginning in fiscal year 2002.
  - Continued renovation of the historic DeBary Hall.
  - Completed the following construction projects:
    - Veterans Memorial Parkway in southwest Volusia
    - The portion of the County's Spring to Spring Trail from DeBary Hall to Gemini Springs
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- Sunsplash and 27<sup>th</sup> Avenue beachfront parks
- The 17-92 DeBary North Water System mainline improvements
- Southwest Volusia Reclamation Facility
- Purchased an additional 4.55 acres near Green Springs for preservation.
- Purchased a parcel in Ormond-by-the-Sea for future park development.
- Expanded Votran bus routes into northwest Volusia.
- Contracted with an independent company to open a private tag office in southwest Volusia.
- Adopted 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.
- Accepted a Federal Emergency Management Agency grant to prepare for future fires in areas without accessible water sources.
- Participated in developing and implementing a citizen education program to get an accurate census count in Volusia County.
- Completed Phase I of the on-line, one-stop center for construction permitting in the unincorporated areas of the County.
- Adopted a manatee protection plan.
- Developed an emergency shelter access plan for Deltona.
- Concluded the turtle lawsuit when a federal judge ruled that the County had taken sufficient action to adopt and enforce a stringent lighting ordinance to protect endangered sea turtles.

## MANAGEMENT

The County Manager resigned effective March 1, 2000. The County Council began its search for a new manager and the successful candidate began work in early November 2000. The County's Chief Financial Officer resigned in April and the Support Services Director assumed those duties.

## GOALS

The County Council developed the following goals for 2000:

- **Economic Development** - The economic prosperity of Volusia County is among the County Council's highest priorities. The Council decided to take a leadership role in a vigorous, multi-faceted, cohesive, regional effort to create value-added jobs and economic development, and will pursue the following goals to improve the economic vitality of our area:
    - Develop a Strategic Economic Development Plan
    - Develop Environmental, Cultural, Heritage, and Outdoor-related (ECHO) tourism
    - Hold a referendum for ECHO General Obligation Bonds
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- Develop a long-term marketing plan for the Ocean Center
- Develop a long-range Beach Plan
- Continue airline and non-aviation program recruitment for Daytona Beach International Airport
  
- **Natural Environment** – Protection and preservation of Volusia County’s environment is critical to the quality of life of its citizens. The County of Volusia is committed to a proactive approach to preserving and enhancing the County’s natural resources. The County Council will pursue the following specific goals to enhance and protect our natural environment:
  - Develop a long-range Beach Plan
  - Enforce endangered species regulations
  - Revise the Manatee Protection Plan
  - Hold a summit on long-range Water Management
  - Coordinate the proposed Florida Water Center Project
  
- **Intergovernmental Relationships** – The County Council is committed to working with other government agencies to better our community. Their highest priority is to conduct productive, civic dialogue that fosters positive inter-governmental relationships through the following plans and programs:
  - Improve relationships between the County and the cities
  - Develop structure to determine future gasoline tax split with the cities
  - Improve coordination with the cities on urban fringe area development
  - Coordinate with other social service providers for efficiency and cost effectiveness
  - Develop regional solution to evacuation routes
  
- **Improved Government Operations** – The County of Volusia is committed to delivering public services in the most cost effective and innovative manner and to provide only those services which are essential to the public. The following goals demonstrate the County Council’s desire to constantly improve services to its citizens:
  - Develop a five-year road program
  - Develop a per-capita funding formula for children’s programs
  - Develop a traffic management plan during construction of the I-4 Bridge over the St. Johns River
  - Reduce the jail population
  - Implement long-range plans for solid waste disposal
  - Support efforts of the decennial census

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

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## **FUTURE PROGRAMS**

The following projects and programs are scheduled for fiscal year 2001:

- Complete construction of:
    - The County's Environmental Learning Center (Marine Science Center) at Lighthouse Point Park in Ponce Inlet
    - The renovations to DeBary Hall
    - Keech Street Library in Daytona Beach
    - Off-beach parking sites
    - Winterhaven Park in Ponce Inlet
    - North jetty improvements at Ponce de Leon Inlet
    - The Southeast Wastewater Treatment Facility
  - Begin construction of:
    - Two new taxiways at the Daytona Beach International Airport
    - Replacement fire station on the North Peninsula
    - PFC Emory L. Bennett Park
    - Industrial Park at Tomoka Landfill
    - South jetty improvements at Ponce de Leon Inlet
  - Complete restoration of the exterior of the County of Volusia's Historic Courthouse.
  - Complete the final phase of implementing a uniform fire district and tax rate.
  - Continue to implement the Community Emergency Response Team (CERT) in the unincorporated areas of the 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.
  - Implement new computer assisted mass appraisal and administration system for the Property Appraiser.
  - Continue development of the Spring to Spring Trail program, including additional land purchases. The trail will eventually run from Green Springs to DeLeon Springs.
  - Implement referendum on the November 2000 ballot for two general obligation bonds of .2 mills each for 20 years to fund the acquisition of environmentally sensitive lands and ECHO related projects.
  - Select an economic development consultant who will develop an economic strategic development plan for the County.
  - Continue to add to the emergency reserve in the General and Municipal Service District Funds.
  - Realize savings in debt service by refunding the 1991A Sales Tax Improvement Refunding Revenue Bond Issue.
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- Implement on-line enrollment for employee health benefits.
- Adopt changes to the employee pay plan to bring pay scales more in-line with similar positions in the Central Florida area, including pay adjustments.
- Implement a three-tier subsidized dependent health care program for the County's lowest paid employees.
- Implement the long-range Water Plan in partnership with the cities as part of the Volusia Water Alliance.

## **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.

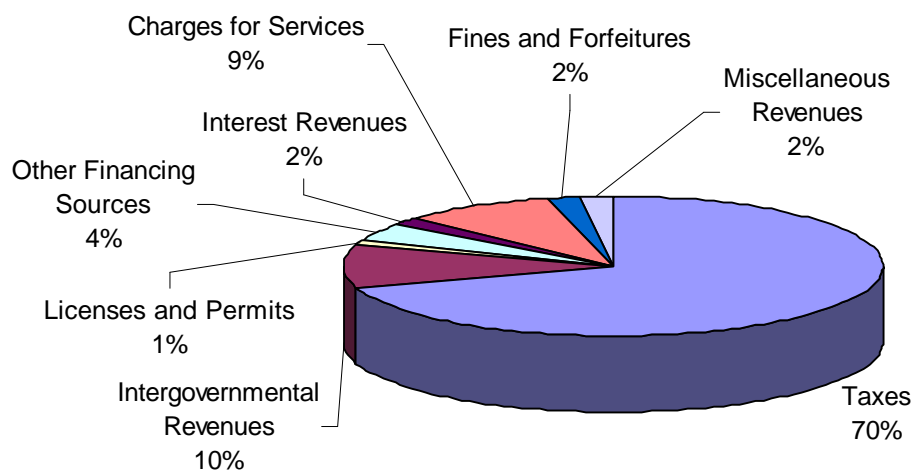
## **GENERAL FUND**

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.

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

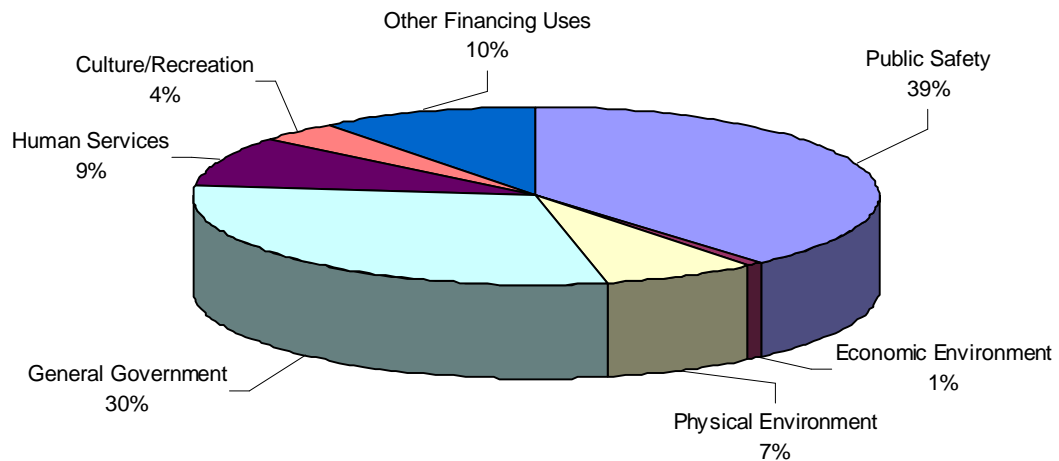


Revenues and other financing sources for the General Fund are widely diversified, including an ad valorem property tax, intergovernmental revenues, charges for services, fines and forfeitures, interest income, miscellaneous revenues, and transfers from other funds. The property tax of \$5.600 per \$1,000 assessed valuation provided 70.2 percent of the \$115,507,785 in total revenues and other financing sources. The \$2,957,241 increase in total revenues and other financing sources is attributed mainly to an increase in tax revenues and interest.

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REVENUES AND OTHER FINANCING SOURCES	2000 AMOUNT	1999 AMOUNT	INCREASE (DECREASE)	
			AMOUNT	PERCENT
Taxes	\$81,085,499	\$77,338,312	\$3,747,187	4.8
Licenses and Permits	252,622	257,527	(4,905)	(1.9)
Intergovernmental Revenues	11,470,701	14,507,318	(3,036,617)	(20.9)
Charges for Services	10,301,091	10,354,304	(53,213)	(0.5)
Fine and Forfeitures	2,791,648	2,404,168	387,480	16.1
Interest Revenues	2,604,390	1,332,895	1,271,495	95.4
Miscellaneous Revenues	2,269,524	1,997,187	272,337	13.6
<b>TOTAL REVENUES</b>	<b>110,775,475</b>	<b>108,191,711</b>	<b>2,583,764</b>	<b>2.4</b>
Transfers and Other Financing Sources	4,732,310	4,358,833	373,477	8.6
<b>TOTAL</b>	<b>\$115,507,785</b>	<b>\$112,550,544</b>	<b>\$2,957,241</b>	<b>2.6</b>

## GENERAL FUND EXPENDITURES AND OTHER FINANCING USES



Expenditures and other financing uses for General Fund functions totaled \$108,830,254 for the fiscal year ended September 30, 2000, a .2 percent increase over the previous years total of \$108,607,990. The \$222,264 increase in expenditures and other financing uses during fiscal year 2000 is attributed mainly to increased expenditures in Parks and Recreation, Sheriff, and Facilities Management.

EXPENDITURES AND OTHER USES	2000		1999		INCREASE (DECREASE)	
	AMOUNT	PERCENT OF TOTAL	AMOUNT	PERCENT OF TOTAL	AMOUNT	PERCENT
<b>GROUP:</b>						
County Council	\$364,571	0.3	\$341,134	0.3	\$23,437	6.9
County Manager	792,510	0.7	850,766	0.8	(58,256)	(6.8)
Financial Services	3,179,948	2.9	3,220,463	3.0	(40,515)	(1.3)
County Attorney	548,871	0.5	664,723	0.6	(115,852)	(17.4)
Elections	1,633,688	1.5	1,555,510	1.4	78,178	5.0
Internal Auditing	76,358	0.1	77,290	0.1	(932)	(1.2)
Property Appraisal	3,979,289	3.7	4,045,974	3.7	(66,685)	(1.6)
Growth Management Commission	143,284	0.1	212,194	0.2	(68,910)	(32.5)
Clerk/Courts	1,706,887	1.6	1,570,055	1.4	136,832	8.7
Justice System	4,067,149	3.7	3,880,623	3.6	186,526	4.8
State Mandated Justice System	1,047,999	1.0	945,887	0.9	102,112	10.8
Support Services	1,442,530	1.3	1,492,435	1.4	(49,905)	(3.3)
Facilities Management	5,880,504	5.4	5,417,278	5.0	463,226	8.6
Information Technology	4,855,177	4.5	5,869,644	5.4	(1,014,467)	(17.3)
Sheriff	17,926,680	16.5	17,445,684	16.0	480,996	2.8
Corrections	22,001,366	20.1	21,940,693	20.2	60,673	0.3
Emergency Management	254,711	0.2	215,737	0.2	38,974	18.1
Fire Services	500,544	0.5	380,296	0.3	120,248	31.6
Medical Examiner	1,080,082	1.0	1,108,561	1.0	(28,479)	(2.6)
Emergency Medical Services	94,297	0.1	117,939	1.0	(23,642)	(20.0)
Beach Management	5,469,860	5.0	5,376,095	4.9	93,765	1.7
Growth Management	183,838	0.2	202,151	0.2	(18,313)	(9.1)
Environmental Management	1,545,051	1.4	1,470,425	1.4	74,626	5.1
Agriculture	520,704	0.5	510,509	0.5	10,195	2.0
Economic Resources	134,313	0.1	111,274	0.1	23,039	20.7
Veterans Services	426,088	0.4	424,406	0.4	1,682	0.4
Childrens Services	1,394,113	1.3	1,405,091	1.3	(10,978)	(0.8)
Community Services	5,542,133	5.1	5,586,024	5.1	(43,891)	(0.8)
Public Health	2,510,307	2.3	2,685,432	2.5	(175,125)	(6.5)
Parks & Recreation	3,864,096	3.6	3,131,741	2.9	732,355	23.4
Nondepartmental	4,413,833	4.1	4,295,595	3.1	118,238	2.8
<b>TOTAL EXPENDITURES</b>	<b>97,580,781</b>	<b>89.7</b>	<b>96,551,629</b>	<b>88.9</b>	<b>1,029,152</b>	<b>1.1</b>
Transfers Out	11,249,473	10.3	12,056,361	11.1	(806,888)	(6.7)
<b>TOTAL</b>	<b>\$108,830,254</b>	<b>100.0</b>	<b>\$108,607,990</b>	<b>100.0</b>	<b>\$222,264</b>	<b>0.2</b>

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

	2000	1999
Total Fund Balance - Beginning of Year	\$14,190,243	\$10,247,689
Revenues and Other Financing Sources	115,507,785	112,550,544
Expenditures and Other Financing Uses	(108,830,254)	(108,607,990)
<b>TOTAL FUND BALANCE - END OF YEAR</b>	<b>\$20,867,774</b>	<b>\$14,190,243</b>

The undesignated fund balance in the General Fund was \$18,913,650 at year-end, or approximately 17.4 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 2000 compared to 1999 is shown on the following table:

SPECIAL REVENUE FUNDS REVENUES AND OTHER FINANCING SOURCES	2000 AMOUNT	1999 AMOUNT	INCREASE (DECREASE)	
			AMOUNT	PERCENT
County Voted One Cent Gas Tax	\$0	\$2,477,121	(\$2,477,121)	(100.0)
County Transportation Trust	23,796,608	19,519,012	4,277,596	21.9
Library	10,243,439	9,750,180	493,259	5.1
East Volusia Mosquito Control District	3,374,097	2,997,479	376,618	12.6
Road Impact Fees	5,322,244	4,038,505	1,283,739	31.8
Convention Development Tax	6,719,687	6,475,270	244,417	3.8
Ponce Inlet Port Authority	1,460,864	1,349,667	111,197	8.2
E-911 Emergency Telephone System	1,571,580	1,309,355	262,225	20.0
Special Lighting Districts	147,632	149,956	(2,324)	(1.5)
Ocean Center	3,676,508	3,606,263	70,245	1.9
Municipal Service District	31,063,233	38,007,418	(6,944,185)	(18.3)
Silver Sands/Bethune Beach MSD	10,992	9,777	1,215	12.4
Park Impact Fees	506,428	375,550	130,878	34.8
Fire Impact Fees	290,789	262,169	28,620	10.9
Court Improvement	106,793	68,582	38,211	55.7
Criminal Justice Reimbursement	615,856	580,072	35,784	6.2
Fire Services	9,630,770	0	9,630,770	100.0
Federal Emergency Disaster Relief	2,806,108	1,183,488	1,622,620	137.1
Federal and State Grants	28,219,529	21,187,815	7,031,714	33.2
<b>TOTAL</b>	<b>\$129,563,157</b>	<b>\$113,347,679</b>	<b>\$16,215,478</b>	<b>14.3</b>

The increase in Special Revenue Funds revenues and other financing sources during fiscal year 2000 are mainly attributed to additional awards for federal and state grant programs and new gas tax revenues allocated to the County Transportation Trust fund.

Expenditures and other financing uses from the various Special Revenue Funds for fiscal year 2000 compared to 1999 are shown on the following table:

SPECIAL REVENUE FUNDS EXPENDITURES AND OTHER USES	2000 AMOUNT	1999 AMOUNT	INCREASE (DECREASE)	
			AMOUNT	PERCENT
County Voted One Cent Gas Tax	\$0	\$2,134,788	(\$2,134,788)	(100.0)
County Transportation Trust	23,731,403	20,764,874	2,966,529	14.3
Library	10,300,385	10,025,961	274,424	2.7
East Volusia Mosquito Control District	3,170,144	3,085,479	84,665	2.7
Road Impact Fees	6,809,235	3,741,449	3,067,786	82.0
Convention Development Tax	6,430,785	6,233,100	197,685	3.2
Ponce Inlet Port Authority	3,072,855	595,599	2,477,256	415.9
E-911 Emergency Telephone System	1,096,720	1,178,350	(81,630)	(6.9)
Special Lighting Districts	164,470	142,506	21,964	15.4
Ocean Center	3,355,775	3,257,103	98,672	3.0
Municipal Service District	28,183,462	36,445,366	(8,261,904)	(22.7)
Silver Sands/Bethune Beach MSD	10,783	10,266	517	5.0
Park Impact Fees	88,414	33,034	55,380	167.6
Fire Impact Fees	0	529,949	(529,949)	(100.0)
Court Improvement	76,034	43,138	32,896	76.3
Criminal Justice Reimbursement	615,856	580,072	35,784	6.2
Fire Services	10,397,947	0	10,397,947	100.0
Federal Emergency Disaster Relief	2,392,304	3,351,695	(959,391)	(28.6)
Federal and State Grants	27,470,936	20,903,840	6,567,096	31.4
<b>TOTAL</b>	<b>\$127,367,508</b>	<b>\$113,056,569</b>	<b>\$14,310,939</b>	<b>12.7</b>

The increase in Special Revenue Funds expenditures and other financing uses during fiscal year 2000 are mainly attributed to additional expenditures in grant funds as a direct result of additional federal and state grants awards, an increase in the volume of projects within the Road Program involving Road Impact Fees, and an increase in projects funded by the Ponce Inlet Port Authority.

## COUNTY ROAD PROGRAM

The County Road Program is accounted for within two special revenue funds. The Road Impact Fees Fund, representing all four road quadrants, is used for growth-related road improvements. Its total fund balance decreased by \$1,486,991 to \$6,975,549 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 \$65,205 to \$9,504,240.

## **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 2000 totaled \$14,256,123. The primary sources for financing this year's capital improvement programs consisted of interest, transfers, and remaining proceeds from a prior year bond issue. The major capital improvement expenditure for fiscal year 2000 related to the 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, 2000, the General Fixed Assets of the County totaled \$305,894,044. 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 that 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, 2000:

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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 09/30/00</b>
Airport	\$9,692,894	\$11,391,036	(\$1,698,142)	\$5,288,401
Refuse Disposal	16,403,507	19,171,131	(2,767,624)	23,651,006
Volusia Transportation Authority	11,338,895	13,886,090	(2,547,195)	3,828,772
Garbage Collection	4,889,280	4,603,277	286,003	804,312
Utilities	7,675,838	6,292,251	1,383,587	9,567,489

## 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, 2000 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) 09/30/00</b>
Reproduction Services	\$867,050	\$916,105	(\$49,055)	\$83,353
Vehicle Maintenance	8,567,905	8,321,748	246,157	7,022,326
Insurance	4,843,665	8,315,255	(3,471,590)	(9,227,215)
Employee Group Insurance	13,150,518	13,569,781	(419,263)	5,614

## 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 State of Florida Agency Funds with assets totaling \$4,284,601 and \$1,226,986, respectively. The Trust and Agency Funds have total assets of \$13,087,571 at September 30, 2000.

## 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, 2000 was \$11,698,936, representing 13.72 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 2000, the County contributed \$100,275 to the plan and paid out \$41,556 in benefits. As of September 30, 2000, plan net assets amounted to \$2,998,757.

## DEBT ADMINISTRATION

Fiscal year 2000 debt service payments and the balances outstanding on County bond issues at September 30, 2000 are listed on the following table:

<b>BONDS</b>	<b>DEBT SERVICE PAYMENTS 2000</b>	<b>AMOUNT OUTSTANDING 09/30/00</b>
<b>LONG TERM DEBT BONDS:</b>		
1989 Service Fee Limited Revenue Bonds	\$711,210	\$613,112
1991A Sales Tax Improvement Refunding Revenue Bonds	3,506,103	27,385,000
1992 Limited Tax General Obligation Refunding Bonds	2,131,708	6,380,000
1992 Gas Tax Revenue Bonds	640,261	2,440,000
1993 Tourist Development Tax Refunding Revenue Bonds	2,596,140	25,850,000
1993 Sales Tax Improvement Refunding Revenue Bonds	673,521	8,730,000
1994 Sales Tax Improvement Revenue Bonds	1,452,216	14,670,000
1994 Guaranteed Entitlement Revenue Bonds	1,789,485	7,995,000
1995 Special Assessment Improvement Bonds	415,252	990,000
1998 Subordinate Lien Sales Tax Improvement Revenue Bonds	3,236,733	58,750,000
<b>TOTAL LONG TERM DEBT - BONDS</b>	<b>17,152,629</b>	<b>153,803,112</b>
<b>PROPRIETARY DEBT - BONDS:</b>		
1991 Airport System Revenue Bonds	2,821,394	0
1993 Airport System Revenue Refunding Bonds	945,202	11,955,000
2000 Airport System Revenue Refunding Bonds	0	30,795,000
1993 Water and Sewer Revenue Refunding and Improvement Bonds	456,622	7,005,000
1998 Water and Sewer Revenue Bonds	432,616	4,865,000
Less: Unamortized Bond Costs		(3,310,875)
<b>TOTAL PROPRIETARY DEBT - BONDS</b>	<b>4,655,834</b>	<b>51,309,125</b>
<b>TOTAL DEBT - BONDS PRIMARY GOVERNMENT</b>	<b>\$21,808,463</b>	<b>\$205,112,237</b>

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Additionally, the County has other forms of debt outstanding relating to lease purchases, notes, and revolving loans. Fiscal year 2000 debt service payments and the balances outstanding on such debt at September 30, 2000 are listed on the following table:

<b>NOTES PAYABLE</b>	<b>DEBT SERVICE PAYMENTS 2000</b>	<b>BALANCES OUTSTANDING 09/30/00</b>
<b>LONG-TERM DEBT NOTES PAYABLE:</b>		
Installment purchase agreement with General Electric Leasing for purchase of computers and other equipment	\$532,857	\$305,716
Installment purchase agreement with Global Elections for purchase of election equipment	195,883	32,444
Installment purchase agreement with General Electric Leasing for purchase of computers and other equipment	61,195	0
Installment purchase agreement with General Electric Leasing for purchase of computers and other equipment	411,800	0
Installment purchase agreement with General Electric Leasing for purchase of helicopters	395,113	562,168
Installment purchase agreement with Fla. Assn. of Counties for purchase of computers and other equipment	1,478,182	2,708,000
Installment purchase agreement with Fla. Assn. of Counties for purchase of computers and other equipment	235,989	2,895,000
<b>TOTAL LONG-TERM DEBT NOTES PAYABLE</b>	<b>3,311,019</b>	<b>6,503,328</b>
<b>PROPRIETARY DEBT NOTES PAYABLE:</b>		
Installment purchase agreement with General Electric Leasing for purchase of computers and other equipment	17,629	0
Airport Land Acquisition Program	0	4,202,025
Wastewater Facilities Revolving Loan Program	387,860	5,914,272
Installment purchase agreement with Fla. Assn. of Counties for Solid Waste's disposal cell.	353,293	3,290,000
Upgrade of the Deltona North Water Reclamation Facility with the State of Florida	117,885	1,562,139
Southwest Regional Water Reclamation Facility Revolving Loan Program	0	2,565,140
<b>TOTAL PROPRIETARY DEBT NOTES PAYABLE</b>	<b>876,667</b>	<b>17,533,576</b>
<b>TOTAL NOTES PAYABLE</b>	<b>\$4,187,686</b>	<b>\$24,036,904</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 2000, 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 5.57% to 6.05% and yielded \$9,112,612 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, general 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. At September 30, 2000, the Insurance Fund had a deficit retained earnings of \$9,227,215. Note 17 of the Notes to Financial Statements explains the nature of this deficit.

## **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, Cotheman, 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.

### **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, 1999.

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

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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,

Charlene Weaver, CPA  
Acting Chief Financial Officer

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