

JAMES MOORE & CO., P.L.
CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Honorable County Council Members
of the County of Volusia, Florida:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Volusia, Florida, as of and for the year ended September 30, 2003, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Volusia, Florida's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Volusia County Clerk of the Circuit Court or Emergency Medical Foundation, Inc., which represent ninety-seven percent and ninety-nine percent of the assets and revenues, respectively, of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for Volusia County Clerk of the Circuit Court and Emergency Medical Foundation, Inc., is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Volusia, Florida, as of September 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General, Municipal Service District, and Federal and State Grants funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2004, on our consideration of the County of Volusia, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and the required supplementary information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Volusia, Florida's basic financial statements. The combining and individual nonmajor fund financial statements are presented for additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance and schedule of passenger facility charges are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Section 215.97, Florida Statutes, *Florida Single Audit Act*, and the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards and state financial assistance, and schedule of passenger facility charges have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section and statistical section are presented for additional analysis and are not a required part of the basic financial statements. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

James Moore & Co.

Daytona Beach, Florida

January 23, 2004 except for Note 17A, as to which the date is March 9, 2004

Management's Discussion and Analysis

The County's management discussion and analysis presents an overview of the County's financial activities for the fiscal year ended September 30, 2003. Please read it in conjunction with the Letter of Transmittal, beginning on page 1, and the County's financial statements beginning on page 28.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of fiscal year 2003 by \$506,611,907 (*net assets*). Of this amount, \$46,653,261 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- At September 30, 2003, the County's governmental funds reported combined ending fund balances of \$129,753,986, an increase of \$9,943,521.
- At September 30, 2003, unreserved fund balance for the General Fund was \$29,592,111, an increase of 19.2 percent over the prior fiscal year.
- Governmental funds revenues increased \$13,961,091 or 5.0 percent over the prior fiscal year.
- The County's outstanding notes payable, capital lease, and bonded debt decreased by \$4,976,469 or 2.3 percent during fiscal year 2003. The principal retirements of its notes payable, capital lease, and bonded debt totaling \$15,230,868 more than offset increases in its notes payable and capital lease totaling \$9,889,399 and the net increase of bonds outstanding of \$365,000 on refunding four issues.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The *government-wide financial statements*, which consists of the following two statements, are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during fiscal year 2003. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused vacation leave).

Both of these financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public safety, physical environment, transportation, economic environment, health and social services, culture/recreation, and other community services. The business-type activities of the County include refuse disposal, airport operations, mass transit, water and sewer utilities, and garbage collection.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also the following legally separate component units: Clerk of the Circuit Court, Volusia County Law Library, and Emergency Medical Foundation, Inc. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 28-31 of this report.

Fund financial statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains 40 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, municipal service district, and federal and state grant funds, which are considered to be major funds. Data from the other 37 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* in the supplementary information section of this report.

The County adopts an annual appropriated budget for its general, budgeted special revenue, and debt service funds and project-length budgets for the capital projects funds. A budgetary comparison statement has been provided for these funds to demonstrate budgetary compliance.

The basic governmental fund financial statements can be found on pages 32-44 of this report.

Proprietary funds

The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for the fiscal activities relating to refuse disposal, airport operations, mass transit, water and sewer utilities, and garbage collection. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its computer replacement, vehicle maintenance, self-insurance and risk management, and employee group insurance programs. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the refuse disposal, Daytona Beach International Airport, Volusia Transportation Authority, water and sewer utilities, and garbage collection funds. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* in the supplementary information section of this report.

The basic proprietary fund financial statements can be found on pages 46-55 of this report.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is similar to proprietary funds.

The basic fiduciary fund financial statements can be found on pages 56-57 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 63-103 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the County's progress in funding its obligation to provide pension benefits to its volunteer firefighters. Required supplementary information can be found on page 106 of this report.

The combining statements referred to earlier in connection with nonmajor governmental, internal service, and agency funds are presented in the supplementary information section of this report. Combining and individual fund statements and schedules can be found on pages 112-183 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$506,611,907 at the close of the fiscal year ended September 30, 2003.

At the end of fiscal year 2003, the County is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

County of Volusia, Florida Net Assets

	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
Current and other assets	\$ 167,525,699	\$ 155,660,791	\$ 50,371,625	\$ 48,255,958	\$ 217,897,324	\$ 203,916,749
Capital assets	398,407,841	388,690,255	173,250,555	167,089,398	571,658,396	555,779,653
Total assets	<u>565,933,540</u>	<u>544,351,046</u>	<u>223,622,180</u>	<u>215,345,356</u>	<u>789,555,720</u>	<u>759,696,402</u>
Long-term liabilities outstanding	174,408,708	175,618,626	82,266,891	81,797,260	256,675,599	257,415,886
Other liabilities	22,292,257	25,018,317	3,975,957	4,920,386	26,268,214	29,938,703
Total liabilities	<u>196,700,965</u>	<u>200,636,943</u>	<u>86,242,848</u>	<u>86,717,646</u>	<u>282,943,813</u>	<u>287,354,589</u>
Net Assets:						
Invested in capital assets, net of related debt	262,277,338	246,697,763	105,200,814	98,354,922	367,478,152	345,052,685
Restricted	77,857,016	69,327,965	14,623,478	14,190,153	92,480,494	83,518,118
Unrestricted	29,098,221	27,688,375	17,555,040	16,082,635	46,653,261	43,771,010
Total net assets	<u>\$ 369,232,575</u>	<u>\$ 343,714,103</u>	<u>\$ 137,379,332</u>	<u>\$ 128,627,710</u>	<u>\$ 506,611,907</u>	<u>\$ 472,341,813</u>

The largest portion of the County's net assets (72.5 percent) reflects its investment in capital assets (e.g., land, buildings, and equipment), less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to its citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net assets (18.3 percent) represents resources that are subject to external restrictions on how they may be used. For governmental activities, restricted assets increased \$8,529,051 over last year primarily due to reporting restrictions relating to public safety, transportation, debt service, and other purpose activities. There was a net increase of \$433,325 in restricted net assets reported in connection with the County's business-type activities. This resulted from an increase in amounts restricted for land purchase, passenger facility charges program, and maintenance and operations. The remaining balance of *unrestricted net assets* (\$46,653,261) for both governmental and business-type activities, may be used to meet the government's ongoing obligations to citizens and creditors.

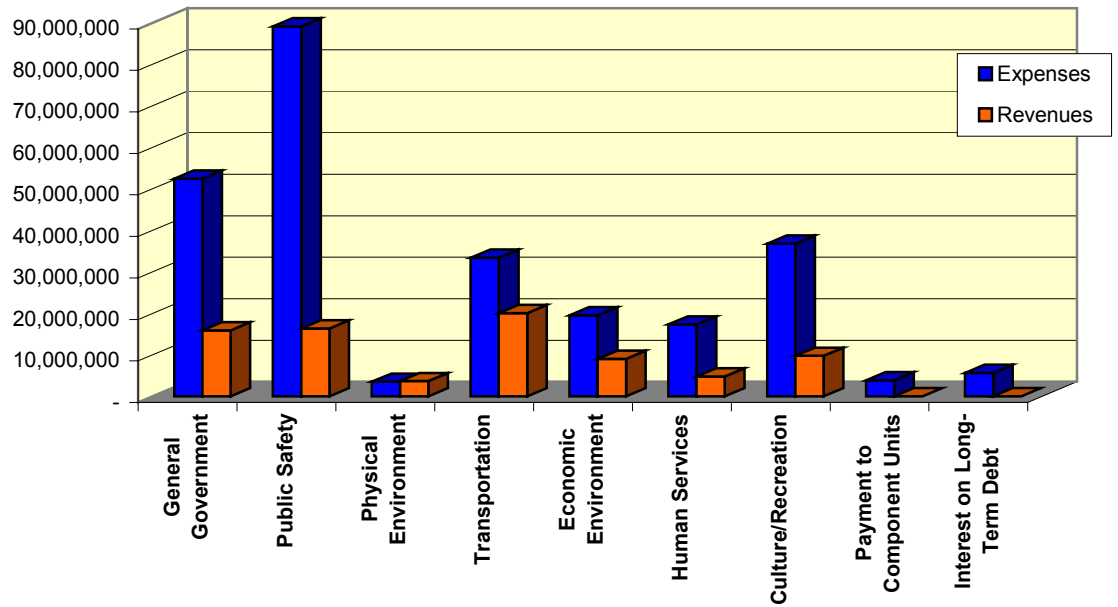
Governmental activities

Governmental activities increased the County's net assets by \$25,518,472, thereby accounting for 74.5 percent of the total growth in the net assets of the County.

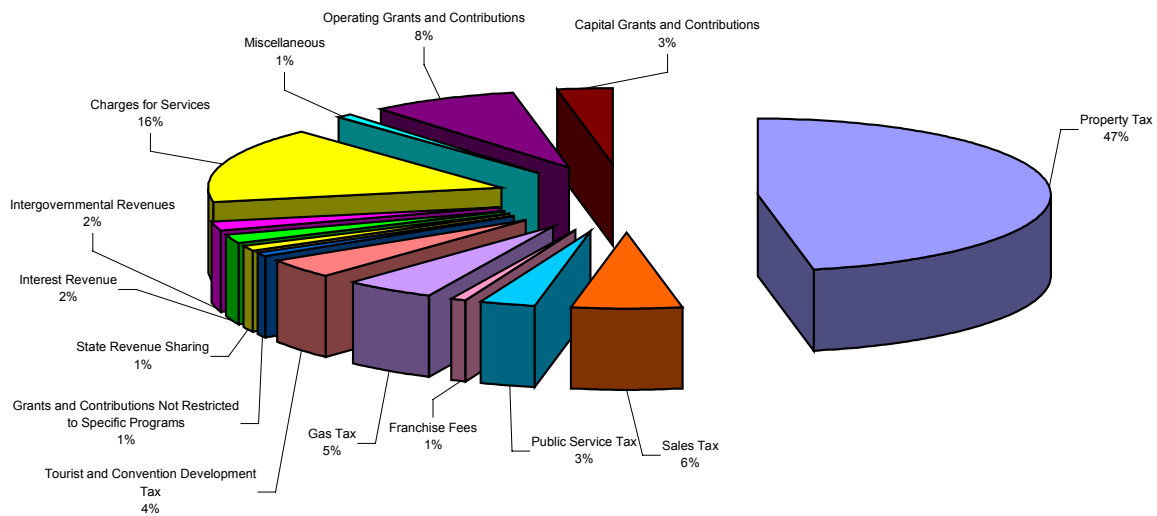
County of Volusia, Florida Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
Revenues:						
Program Revenues:						
Charges for services	\$ 48,902,640	\$ 44,941,225	\$ 41,031,219	\$ 38,855,737	\$ 89,933,859	\$ 83,796,962
Operating grants and contributions	20,924,034	24,462,856	8,276,511	8,261,840	29,200,545	32,724,696
Capital grants and contributions	9,560,273	8,650,125	12,705,270	13,117,440	22,265,543	21,767,565
General Revenues:						
Property taxes	143,248,245	131,413,001	53	22	143,248,298	131,413,023
Other taxes	54,710,328	52,804,141	1,050,000	1,050,000	55,760,328	53,854,141
Grants and contributions not restricted to specific programs	84,821	1,556,118	-	-	84,821	1,556,118
Other	14,087,532	15,929,349	1,767,544	1,088,827	15,855,076	17,018,176
Total revenues	291,517,873	279,756,815	64,830,597	62,373,866	356,348,470	342,130,681
Expenses:						
General government	52,409,065	47,633,863	-	-	52,409,065	47,633,863
Public safety	89,117,559	81,040,981	-	-	89,117,559	81,040,981
Physical environment	3,494,932	3,332,412	-	-	3,494,932	3,332,412
Transportation	33,352,585	22,244,744	-	-	33,352,585	22,244,744
Economic development	19,480,920	18,676,948	-	-	19,480,920	18,676,948
Human services	17,292,510	19,854,129	-	-	17,292,510	19,854,129
Culture/recreation	36,754,899	32,129,919	-	-	36,754,899	32,129,919
Payments to component units	3,853,893	4,517,620	-	-	3,853,893	4,517,620
Interest on long-term debt	5,633,890	7,137,363	-	-	5,633,890	7,137,363
Refuse disposal	-	-	14,800,016	14,480,653	14,800,016	14,480,653
Daytona Beach International Airport	-	-	14,614,962	13,001,798	14,614,962	13,001,798
Volusia Transportation Authority	-	-	16,746,195	15,741,373	16,746,195	15,741,373
Water and sewer utilities	-	-	9,540,476	8,423,059	9,540,476	8,423,059
Garbage collection	-	-	4,986,474	4,583,894	4,986,474	4,583,894
Total expenses	261,390,253	236,567,979	60,688,123	56,230,777	322,078,376	292,798,756
Increase in net assets before transfers	30,127,620	43,188,836	4,142,474	6,143,089	34,270,094	49,331,925
Transfers	(4,609,148)	(6,129,625)	4,609,148	6,129,625	-	-
Increase in net assets	25,518,472	37,059,211	8,751,622	12,272,714	34,270,094	49,331,925
Net assets - beginning of year, restated	343,714,103	218,234,579	128,627,710	115,954,996	472,341,813	334,189,575
Net assets - end of year	\$ 369,232,575	\$ 255,293,790	\$ 137,379,332	\$ 128,227,710	\$ 506,611,907	\$ 383,521,500

Expenses and Program Revenues – Governmental Activities



Revenue by Source – Governmental Activities

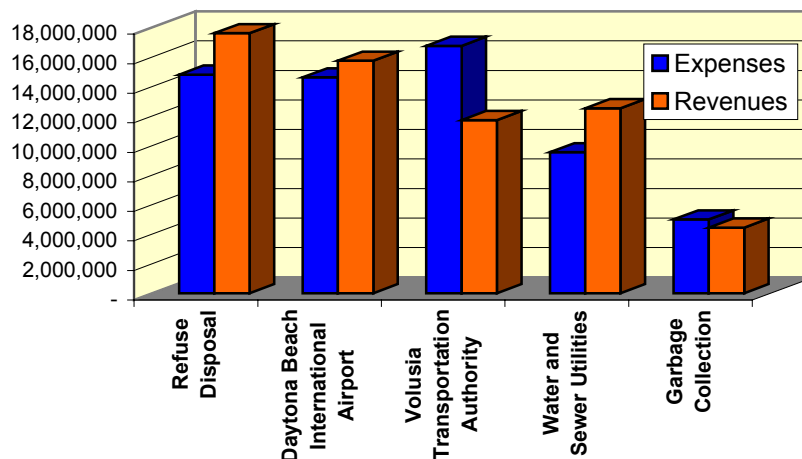


Business-type activities

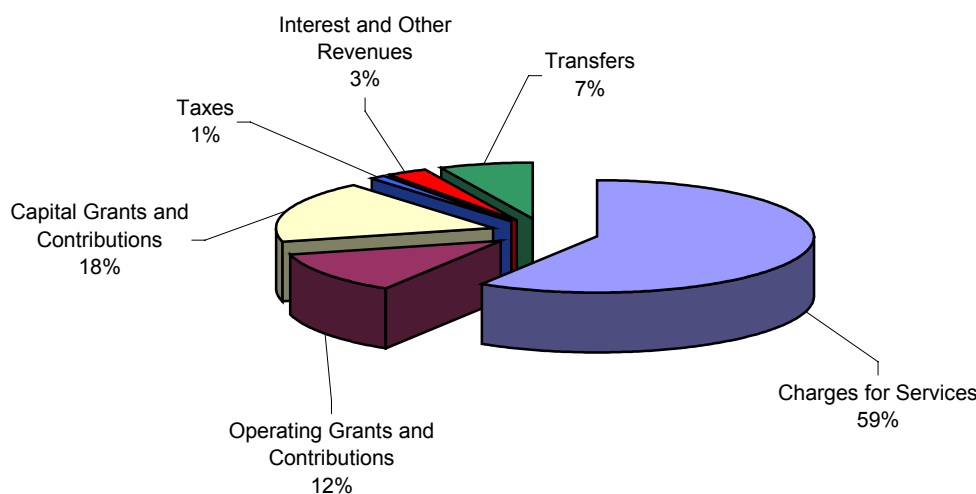
Business-type activities increased the County's net assets by \$8,751,622, accounting for 25.5 percent of the total growth in the government's net assets. Key elements of this increase are as follows:

- The Refuse Disposal fund generated an additional \$2,468,987 in revenues due to an increase in tipping fees during the fiscal year.
- The Daytona Beach International Airport (DBIA) continued to incur additional security costs due to heightened federal regulations. However, the increased costs were offset by \$1,375,850 in federal and state funded assistance.
- During the fiscal year, DBIA received \$1,093,420 for acreage sold along International Speedway Boulevard to the Volusia County School Board.
- During the fiscal year, Volusia Transportation Authority purchased eleven new buses for \$2,799,490, funded by federal grant funds.
- The Water & Sewer Utilities fund generated an additional \$857,407 in water and sewer sales. The increase was due to the following: 1) a 3.1 percent rate hike which was enacted in October 2002; 2) a 5-6 percent increase in the number of water/sewer customers during the fiscal year; and 3) a 4-5 percent increase in water/sewer consumption during the fiscal year.
- The number of new water/sewer connections increased by approximately 40 percent over the prior fiscal year, which generated an additional \$1,219,886 in connection fees for the Water & Sewer Utilities fund.

Expenses and Program Revenues – Business-type Activities



Revenues by Source – Business-type Activities



Financial Analysis of the County's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of fiscal year 2003, the County's governmental funds reported combined ending fund balances of \$129,753,986, an increase of \$9,943,521. *Unreserved, undesignated fund balance* of \$83,073,525 is available for spending at the County's discretion; \$7,663,429 is designated as emergency reserves and \$8,297,969 is designated for capital projects. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed: 1) to liquidate contracts and purchase orders of the prior period (\$14,382,212), 2) for inventories (\$1,269,945), 3) to pay debt service (\$12,512,853), 4) for employee receivables (\$300,849), and 5) for long-term notes receivable (\$2,253,204). The general, municipal service district, and federal and state grants funds are reported as major funds.

The general fund is the chief operating fund of the County. At the end of fiscal year 2003, unreserved fund balance of the general fund was \$29,592,111, while total fund balance reached \$32,404,475. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance

and total fund balance to total fund expenditures. Unreserved fund balance represents 23.3 percent of the total general fund expenditures, while total fund balance represents 25.5 percent of that same amount.

The fund balance of the County's general fund increased by \$4,563,286 during the current fiscal year. This increase resulted from an increase in tax revenues of \$8,657,975 over fiscal year 2002, offset by expenditure increases in general government, public safety, human services, and culture/recreation activities.

The municipal service district fund balance of \$7,592,176 is a modest increase of \$89,307 from the prior fiscal year.

The federal and state grants fund balance of \$4,950,706 represents a reduction of \$204,454 from last fiscal year. This 4 percent decrease is mainly attributed to a \$96,292 reduction in long-term notes receivables and an increase of \$300,000 in the County match for two new recreational grant programs.

Proprietary funds

The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of proprietary funds at the end of the year amounted to:

	2003	2002
	Unrestricted	Unrestricted
	Net Assets	Net Assets
	(Deficit)	(Deficit)
Proprietary Fund		
Enterprise Funds		
Refuse disposal	\$ 1,209,732	\$ (327,636)
Daytona Beach International Airport	5,135,757	5,281,991
Volusia Transportation Authority	2,748,003	2,708,861
Water and sewer utilities	7,520,068	7,513,817
Garbage collection	262,186	261,368
Total	\$ 16,875,746	\$ 15,438,401
Internal Service Funds	\$ (622,131)	\$ (1,949,044)

General Fund Budgetary Highlights

Differences between the general fund's original budget and final amended budgeted expenditures were \$62,522. These changes resulted from the following:

- Decrease in general governmental activities of \$956,434, resulting from shifting non-departmental reserves to cover salary adjustments and other expenses.
- Increase in public safety activities of \$1,103,956 resulting from sheriff and corrections personnel salary adjustments.
- Increase in physical environment activities of \$15,000 resulting from natural resource management salary adjustments.

- Decrease in culture/recreation activities of \$100,000 due to lower than anticipated operating costs of the Environmental Learning Center.

Significant expenditure budget variances existed in the general fund between the final amended budget and actual amounts. Major variances are summarized as follows:

- Information Technology expenditures were \$3,865,416 less than budget. This expenditure savings was generated by delays in the replacement of various legacy systems and other software upgrades because a more methodical evaluation and selection process was needed.
- Economic Development expenditures were \$2,006,776 less than budget. This amount represents funds for economic development projects and grants-in-aid to county businesses, which have not yet been granted.
- Leisure Services expenditures were \$1,068,790 less than budget. This amount represents savings from several projects not implemented and maintenance costs slightly less than budget.

Capital Asset and Debt Administration

Capital Assets

The County's investment in capital assets for its governmental and business-type activities as of September 30, 2003 amounts to \$571,658,396 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, leasehold improvements, equipment, infrastructure, and construction in progress. The total increase in the County's investment in capital assets for the current fiscal year was 2.9 percent (a 2.5 percent increase for governmental activities and 3.7 percent increase for business-type activities).

Major capital asset events during the current fiscal year included the following:

- Construction continued on several of the County's capital projects. Several park projects, a fire station, and the Intermodal Transfer Facility were completed during the year, reducing the amount for construction in progress for governmental activities to \$3,376,498, as of the close of the fiscal year.
- Completion of several of the County's road projects for expansion and new construction resulted in an increase of \$14,682,255 to infrastructure capital assets. Also, implementing the infrastructure transition provision of GASB Statement No. 34 resulted in an additional increase of \$86,770,817, net of depreciation, bringing the total net value of infrastructure assets to \$117,633,711 at fiscal year end.
- Completion of several projects involving the construction of taxiways and related airside improvements at the Daytona Beach International Airport, resulting in the amount for construction in progress to drop from \$7,126,895 to \$940,168 at the end of the fiscal year.
- The Refuse Disposal fund spent \$2.2 million on additional capital equipment during the fiscal year.

County of Volusia, Florida
Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
Land	\$ 65,093,072	\$ 57,821,664	\$ 35,837,771	\$ 35,121,338	\$ 100,930,843	\$ 92,943,002
Buildings	145,117,482	145,315,775	16,365,580	16,999,397	161,483,062	162,315,172
Improvements other than buildings	12,638,995	8,479,090	100,012,262	90,636,292	112,651,257	99,115,382
Leasehold improvements	226,537	250,928	-	-	226,537	250,928
Equipment	35,418,782	34,605,718	16,115,089	13,522,953	51,533,871	48,128,671
Infrastructure	117,633,711	112,167,952	-	-	117,633,711	112,167,952
Construction in progress	3,376,498	7,076,612	4,919,853	10,809,418	8,296,351	17,886,030
Construction in progress - infrastructure	18,902,764	22,972,516	-	-	18,902,764	22,972,516
Total	\$ 398,407,841	\$ 388,690,255	\$ 173,250,555	\$ 167,089,398	\$ 571,658,396	\$ 555,779,653

Additional information on the County's capital assets can be found in Note 7 on pages 79-81 of this report.

Long-term bonded debt

At the end of fiscal year 2003, the County had total bonded debt outstanding of \$178,425,000. Of this amount, \$60,000 is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment. The remainder of the County's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

County of Volusia, Florida
Outstanding Bonded Debt
Revenue and Other Bonds

	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
Special assessment debt with governmental commitment	\$ 60,000	\$ 350,000	\$ -	\$ -	\$ 60,000	\$ 350,000
Revenue bonds	126,605,000	133,165,000	51,760,000	52,520,000	178,365,000	185,685,000
Total	\$126,665,000	\$133,515,000	\$51,760,000	\$52,520,000	\$178,425,000	\$186,035,000

The County's outstanding bonded debt decreased by \$7,610,000 or 4.1 percent during fiscal year 2003. The key factors in this decrease were the scheduled principal retirements of \$7,955,000, an additional \$20,000 in extraordinary mandatory redemptions of special assessment debt, and refunding four bond issues with outstanding balances totaling \$48,540,000 with four new, lower interest rate issues totaling \$48,905,000.

Additional information on the County's debt can be found in Note 8 on pages 82-94 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Volusia County at September 30, 2003 was 5.2 percent. This represents an increase of 0.1 percent from the prior year.
- The taxable value of commercial and residential property increased 10.3 percent in the 2003 fiscal year compared to 9.5 percent for the prior year.
- Population increased approximately 2.4 percent from the prior fiscal year to 470,770 at September 30, 2003.

At September 30, 2003, unreserved and undesignated fund balance in the general fund was \$23,865,692. The County has appropriated \$17,048,581 of this amount for spending in the 2004 fiscal year budget. The ad valorem tax rate for the general fund was not increased for the 2004 fiscal year budget.

In 1998, Florida voters approved Article V, Revision 7 as an amendment to the state constitution establishing a statewide court system. This revision mandates full state funding of the court system by July 1, 2004. The complete impact of the transition has not been determined; however, the budget for the last three months of fiscal year 2004 is expected to be reduced by approximately \$233,000.

Requests for Information

This financial report is designed to present users with a general overview of the County's finances and to demonstrate the County's accountability. If you have questions concerning any of the information provided in this report or need additional financial information, contact the County's Chief Financial Officer, 123 West Indiana Avenue, Room 300, DeLand, FL 32720. Additional financial information can be found on our web-site <http://www.volusia.org/finance>.