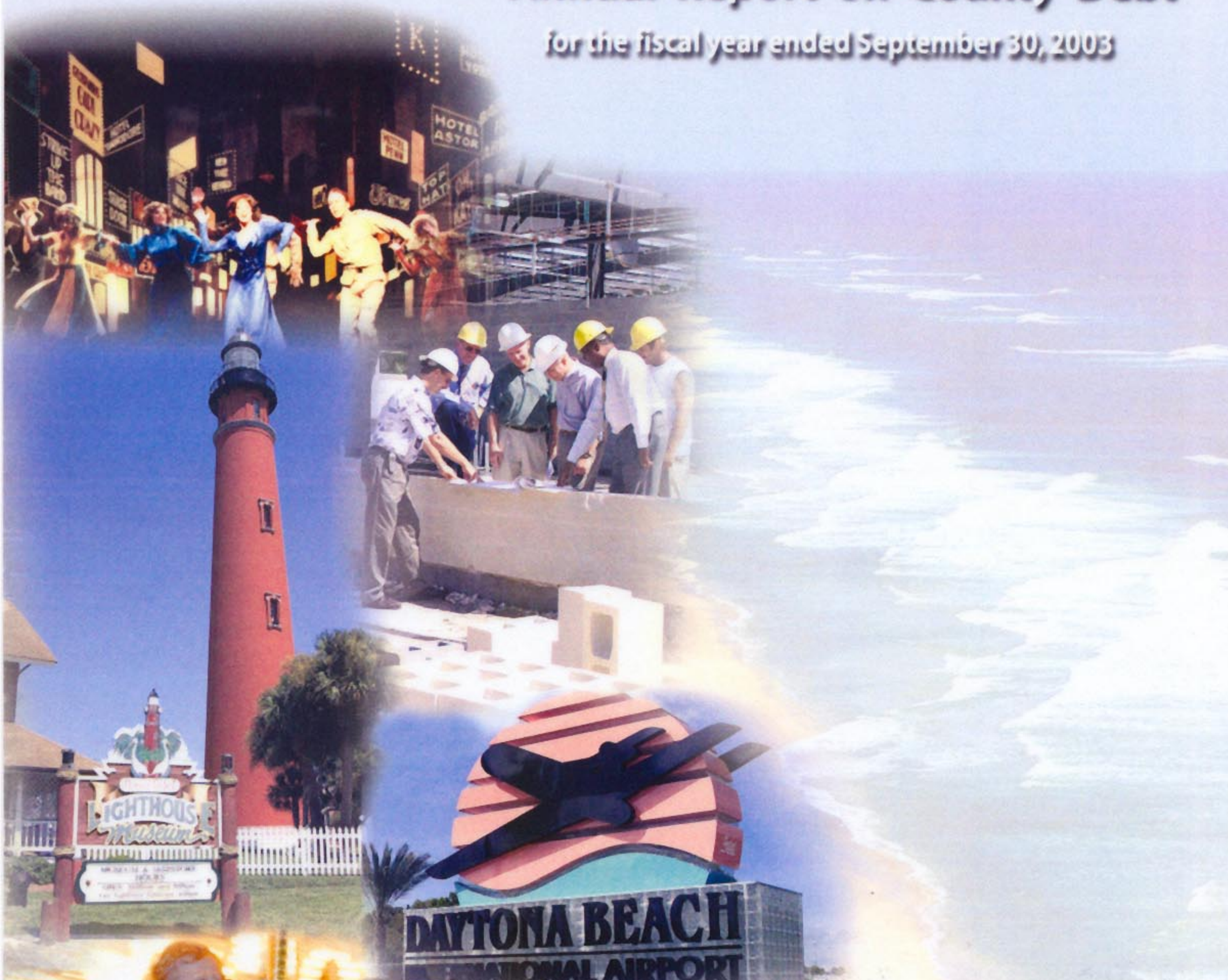
County of Volusia, Florida

Annual Report on County Debt

for the fiscal year ended September 30, 2003



Volusia County is a great place to live, work and play

COUNTY COUNCIL
COUNTY OF VOLUSIA, FLORIDA

County of Volusia, Florida

Annual Report on County Debt

For the Fiscal Year Ended September 30, 2003
(Audited)

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EXECUTIVE SUMMARY

This document provides a detailed discussion of outstanding debt and debt service obligations for the County. The ensuing report details information relating to the extent, nature and purpose of the County's indebtedness. It is a comprehensive, yet consolidated analysis; one which provides information that can assist in the evaluation, review and planning of future financings, while taking into consideration the impact of such financings on the County's financial health.

FINANCIAL MANAGEMENT STRATEGIES

The County takes a planned approach to the management of debt; funding from internally generated capital, where appropriate, and financing when appropriate. Conservative financial strategies and management practices help to minimize exposure to sudden economic shocks or unanticipated expenditures. Quarterly monitoring and evaluation of factors that can affect the financial condition of the County help to identify any emerging financial concerns. The practice of multi-year forecasting enables management to take corrective action long before budgetary gaps develop into a crisis.

Best practices promoting efficiency in government and solvency in public finance have been published by the GFOA and other national associations. The major credit rating agencies use these and other quantitative measures to determine credit rating. Fitch Ratings and Standard and Poor's consider continued funding of the General Fund Reserve a "best practice" and has a "very significant" rating value. In keeping with this "best practice", the County continues to fund this reserve with a goal of 5% in both the General Fund and the Municipal Service District Fund. Approximately 4.3% has been reserved in each of these funds for the current budget year (FY 2003-2004). Funding of the reserve provides the County flexibility in responding to economic downturns or sudden changes in revenue.

Management continues to use the Capital Improvement Plan to prioritize current and future infrastructure requirements to fit within the anticipated level of financial resources. The report develops a plan to fund those requirements over a five-year period and is reviewed and updated annually. It serves as a planning and management tool, rather than a wish list of projects that cannot be fully implemented.

FINANCIAL CONDITION

The County has benefited from strong economic performance in recent years. Volusia County relies primarily on property taxes to fund most County-wide programs and services. Buoyed by low interest rates, residential and commercial construction has been vibrant for several years. This has resulted in consistent growth in the tax base the last three years. Better than average growth in the tax base is expected to continue for the next few years, as a 13.8 percent increase was posted for fiscal year 2004, and building permit activity within the cities and County remains robust. Another indicator of strength in the local economy is growth in sales tax revenues. These revenues have averaged 8.4% for the past three fiscal years. Current estimates project a 5% growth in FY 2003-2004.

A Financial Condition Assessment is a required element of the annual external audit. The assessment uses trend information and benchmark comparisons to determine whether a county is experiencing deteriorating financial conditions. This analysis resulted in an overall rating of *Favorable* for Volusia County for the last three fiscal years and included two measures relating to debt. One indicator measures the amount of long-term debt to population. A five-year favorable trend on this indicator suggests that the debt burden is manageable. The second indicator relates debt service to total expenditures. A five-year favorable trend on this indicator suggests that the County has sufficient flexibility to respond to economic changes.

As of September 30, 2003, total County outstanding indebtedness was $209,892,086 and included: bonded debt of $178,425,000, commercial paper loans totaling $13,390,000, $11,235,914 in State revolving fund loans, and $6,841,172 in other loans. The County's bonded indebtedness decreased more than $7.6 million, or 4.1 percent, last fiscal year. The key factors in this decrease were the scheduled principal retirements of $7,955,000 and an additional $20,000 in extraordinary mandatory redemptions of special assessment debt.

FY 2002-2003 HIGHLIGHTS

Due to the record low interest rates, the County took advantage of the opportunity to refinance some of its outstanding debt. Four outstanding bond issues were refunded and new debt was issued. The total debt service savings realized by the refinancing was in excess of $5.7 million. A brief recap of these transactions follows.

On October 14, 2002, the County refinanced $23,160,000 of outstanding Tourist Development Tax Refunding Revenue Bonds, Series 1993. The refinancing resulted in over $2 million in net present value debt service savings or 8.79% of the refunded par amount. These bonds were replaced with the Tourist Development Tax Refunding Revenue Bonds, Series 2002.

In July 2003, the County refunded the following bond issues:

- $8,030,000 of Subordinate Lien Sales Tax Refunding Revenue Bonds, Series 1993,
- $10,655,000 of Airport System Revenue Refunding Bonds, Series 1993, and
- $6,695,000 of Water and Sewer Refunding and Improvement Bonds, Series 1993.

Original projections estimated combined debt service savings of $1.4 million. With the market at a 40-year low, the County actually realized a combined debt service savings of over $3.7 million. Each financing resulted in savings in excess of 11% of the par value of the refunded bonds, which was phenomenal.

ON THE HORIZON

There are several major initiatives underway that may require issuing debt in the next several years. Most of the projects are self-supporting, in that dedicated revenues from the respective areas would fund the debt service. No general obligation debt would be issued to support these financings.

In April 2003, the County Council approved a one percent increase in the Tourist Development Tax, for a total tax of three percent. The increase is estimated to generate $2.4 million in revenues next year. The additional tax will pay debt service on a $48 million bond issue to fund the Ocean Center Expansion. Construction is expected to begin in 2004.

In November 2000, the voters of Volusia County approved an initiative to establish a 20-year funding source for the acquisition of environmentally sensitive, water resource protection, and outdoor recreation lands. The voters also approved the bonding of up to $40 million to pay for land acquisitions. Currently, 8,600 acres of environmentally sensitive land has been approved for acquisition by the Volusia Forever Committee and the Volusia County Council. With interest rates at historic lows, consideration is being given to pledging Volusia Forever funds for a $20 million bond issue.

The need to finance multi-year transportation capital projects with a dedicated funding source is becoming evident. These capital projects include bridge segments, ditches, sensitive environmental areas, and difficult right-of-way acquisitions. The use of gas tax revenues to pay debt service on a $60 million bond issue would provide the necessary funding to complete these projects.

Included in the long-range forecast for FY 2005-2006, are two bond issues that would be supported by a pledge of sales tax revenue. Expansion of the DeLand Complex and construction of a parking garage is projected to cost $25 million. An additional $20 million is contemplated to finance land acquisition and construction of off-beach parking to remedy the parking deficiency in the no drive zones of the beach.

CLOSING COMMENTS

The County's overall debt profile is characterized by good debt service coverage from its pledged revenues and conformance with all compliance covenants. The debt burden is low and the County has significant debt capacity remaining. All proposed financings are analyzed for their impact on the County's financial picture.

Strong financial management, manageable debt levels, financial flexibility, and a strong growth in the tax base are all indicators of good fiscal health. Fiscal policy established by the County Council and implemented by County management continues to result in a positive financial condition.

TYPES OF DEBT ISSUED BY VOLUSIA COUNTY

Local government bonded debt is usually divided into three different types: general obligation bonds, non-self-supporting revenue bonds and self-supporting revenue bonds.

- ***General obligation ("G.O.") bonds*** are backed by a pledge of the full faith and credit of the issuing entity. The full faith and credit is a pledge of the general taxing powers for the payment of the debt obligation. Because of the impact on property owners, the issuance of general obligation debt in Florida requires the consent of the voters through a referendum.

- ***Non-self-supporting revenue bonds* -** Bonded debt for which local government has pledged its general revenues. These revenues may include either ad valorem (property tax) and/or non-ad valorem (building and zoning permit fees, franchise fees, gas taxes, sales tax, etc.)

- ***Self-supporting debt*** – Bonded debt that the local government has pledged to repay with revenues generated from operations. Examples would include a water bond that is repaid from water utility income, and special assessment bonds that are repaid from fees levied on properties within a special assessment district.

Other Financing Instruments:
Short-term tax-exempt financing instruments are often used to partially fund the capital outlay and capital improvement programs. This type of financing offers low interest rates, flexible repayment terms, and minimal issuance costs. Additionally, there are no underwriter fees, rating agency fees, printing costs or reserve funds. These loans are generally subject to annual appropriation.

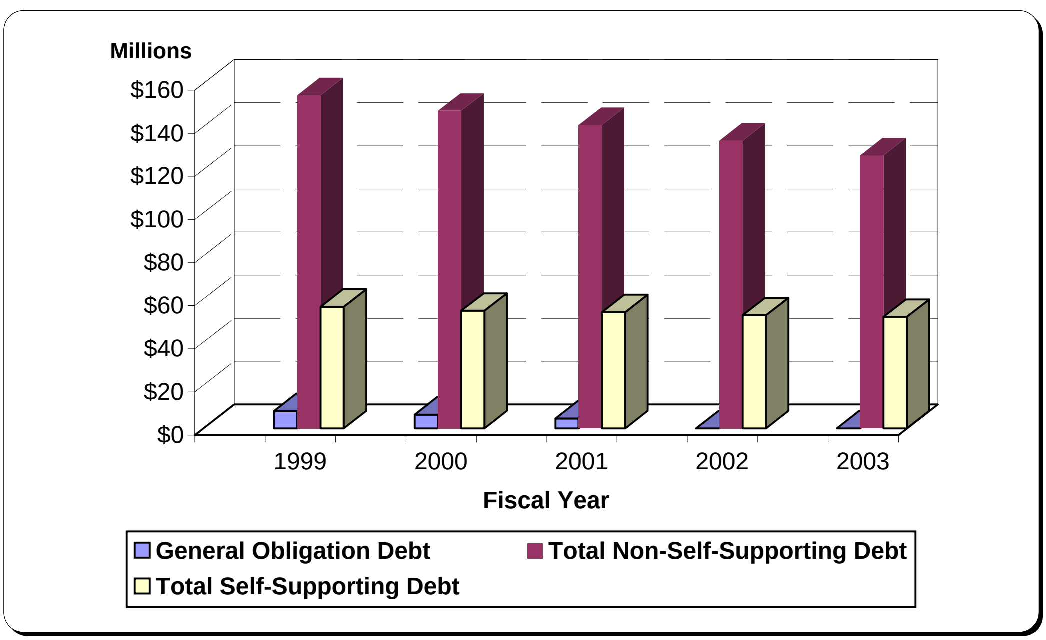
- ***Commercial Paper Loan Program*** – The Florida Local Government Finance Commission (FLGFC) was established to provide short-term borrowing for a term of up to five years. The program provides short-term variable interest rates, to participating counties, cities, school boards and special districts in Florida. The program offers very low interest rates, low fees and the repayment terms are very flexible. With the current low interest rate environment, this program has offered interest rates that is unmatched by private sector lenders.

- ***SRF Loans* –** The State of Florida, pursuant to Section 403.1835, Florida Statutes, makes low cost loans to local governments for the construction of wastewater pollution control facilities. Loan repayments can be recycled into additional loans.

- ***Fixed or Variable Rate Loans*** –A fixed rate loan is one in which the interest rate does not fluctuate with general market conditions. A variable rate loan has the interest rate tied to a rate that is adjusted upward or downward each time the base rate changes. The County uses fixed rate loans when the borrowing is relatively small and it is advantageous to lock in a fixed rate for a longer term.

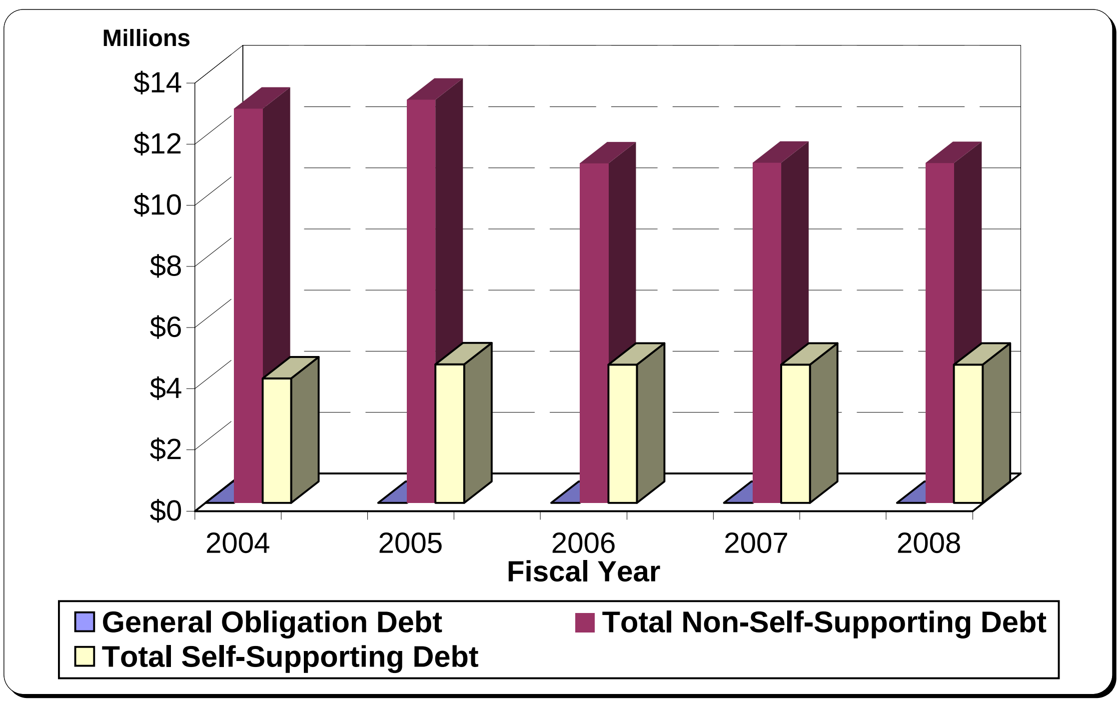
Volusia County Bonded Debt
Summary of Outstanding Debt Obligations
Last Five Fiscal Years

	Fiscal Year Ended September 30				
	1999	**2000**	**2001**	**2002**	**2003**
General Obligation Debt	**$8,050,000**	**$6,380,000**	**$4,620,000**	**$0**	**$0**
Non-Self-Supporting Debt					
Senior Lien: Sales Tax	53,430,000	50,785,000	13,085,000	10,145,000	1,140,000
Subordinate Lien: Sales Tax	59,250,000	58,750,000	94,015,000	93,340,000	98,450,000
Tourist Developent Tax Revenue Bonds	27,110,000	25,850,000	24,535,000	23,160,000	22,565,000
Voted 9th Cent Gas Tax Revenue Bonds	2,920,000	2,440,000	1,960,000	1,480,000	1,000,000
Guaranteed Entitlement Revenue Bonds	9,365,000	7,995,000	6,555,000	5,040,000	3,450,000
Service Fee Limited Revenue Bonds	1,226,224	613,112	-	-	-
Special Assessment Improvement Bonds	1,315,000	990,000	670,000	350,000	60,000
Total Non-Self-Supporting Debt	**$154,616,224**	**$147,423,112**	**$140,820,000**	**$133,515,000**	**$126,665,000**
Self-Supporting Debt					
Water & Sewer Revenue Refunding Bonds	12,185,000	11,870,000	11,490,000	11,095,000	10,960,000
Airport System Revenue Bonds	44,315,000	42,750,000	42,445,000	41,425,000	40,800,000
Total Self-Supporting Debt	**$56,500,000**	**$54,620,000**	**$53,935,000**	**$52,520,000**	**$51,760,000**
Total Bonded Debt	**$219,166,224**	**$208,423,112**	**$199,375,000**	**$186,035,000**	**$178,425,000**



Volusia County Bonded Debt
Projected Debt Service on Outstanding Obligations
Next Five Years

	Fiscal Year Ended September 30				
	2004	2005	2006	2007	2008
General Obligation Debt	**$0**	**$0**	**$0**	**$0**	**$0**
Non-Self-Supporting Debt					
Senior Lien: Sales Tax	809,259	78,271	75,151	76,829	190,041
Subordinate Lien: Sales Tax	7,435,510	8,582,841	8,581,191	8,582,491	8,458,991
Tourist Development Tax Revenue Bonds	2,258,888	2,272,213	2,357,013	2,467,881	2,466,763
Voted 9th Cent Gas Tax Revenue Bonds	521,360	440,375	97,375		
Guaranteed Entitlement Revenue Bonds	1,809,660	1,814,250			
Special Assessment Improvement Bonds	64,125	0	0	0	0
Total Non-Self-Supporting Debt	**$12,898,801**	**$13,187,950**	**$11,110,730**	**$11,127,202**	**$11,115,795**
Self-Supporting Debt					
Water & Sewer Revenue Refunding Bonds	650,579	887,116	884,846	881,810	887,764
Airport System Revenue Bonds	3,427,779	3,647,379	3,643,789	3,640,335	3,636,300
Total Self-Supporting Debt	**4,078,358**	**4,534,495**	**4,528,635**	**4,522,145**	**$4,524,064**
Total Projected Debt Service	**$16,977,159**	**$17,722,445**	**$15,639,365**	**$15,649,347**	**$15,639,859**



Schedule of Bond Ratings

Bond Issue	Issue Date	Original Bond Issue Amount	Outstanding	Final Maturity	Bond Ratings: Fitch/Moody's/S&P
Non-Self-Supporting Debt:					
Senior Lien: Sales Tax Improvement Revenue Bonds:					
Series 1994	6/01/94	$17,625,000	$1,140,000	2007	(M)Aaa (S&P)AAA
Subordinate Lien: Sales Tax Improvement Revenue:					
Bonds, Series 1998	9/01/98	$59,250,000	$56,720,000	2018	(F)AAA (S&P)AAA
Bonds, Series 2001A	7/2/01	$11,930,000	$11,855,000	2014	(F)AAA (M) Aaa
Bonds, Series 2001B	7/2/01	$23,985,000	$21,620,000	2010	(F)AAA (M) Aaa
Bonds, Series 2003	7/3/03	$8,255,000	$8,255,000	2021	(M)Aaa (F)AAA
Tourist Development Tax Refunding Revenue Bonds:					
Series 2002	10/03/02	$22,565,000	$22,565,000	2013	(M)Aaa (F)AAA
Voted 9th Cent Gas Tax Revenue Bonds:					
Series 1992	9/15/92	$5,640,000	$1,000,000	2005	Private Placement Bonds
Guaranteed Entitlement Revenue Bonds:					
Series 1994	5/1/94	$14,280,000	$3,450,000	2004	(F)AAA (M)Aaa (S&P) AAA
Special Assessment Improvement Bonds:					
Series 1995	4/15/95	$2,735,000	$60,000	2005	No Ratings
Self-Supporting Debt:					
Water and Sewer Revenue Funding Bonds:					
Series 1998	7/01/98	$5,085,000	$3,985,000	2016	(F)AAA (M) Aaa
Series 2003	7/03/03	$6,975,000	$6,975,000	2019	(F)AAA (M) Aaa
Airport System Revenue Refunding Bonds:					
Series 1993	8/01/93	$13,365,000	$350,000	2004	(M)Aaa (S&P)AAA
Series 2000	8/01/00	$30,795,000	$29,340,000	2021	(M)Aaa (S&P) AAA
Series 2003	7/03/03	$11,110,000	$11,110,000	2021	(M)Aaa (F) AAA

Bond Ratings

Most bond issues are assigned a rating by a rating agency, such as ***Fitch Ratings, Moody's Investors Service,*** and/or ***Standard & Poor's***. The rating is an extremely important factor in determining an issues' marketability and the interest rate a local government will pay. Ratings are relied upon by investors in making investment decisions and by underwriters in determining whether to underwrite a particular issue.

In order for a bond issue to be rated, the local government must contract with a rating agency and pay a fee. The local government provides the rating agency with operational and financial information. The agency rates the bond issue based on a detailed analysis of this information.

Fitch's and Standard & Poor's rates bond issues from **AAA** to **D**. Bonds which are rated **AAA** are considered to carry the highest credit quality and have an exceptionally strong ability to pay interest and repay principal.

Moody's rates bond issues from **Aaa** to **C**. Bonds which are rated **Aaa** are judged to be of the best quality and carry the smallest degree of risk.

Many of the County's bonds have been insured by the major bond insurance providers including: AMBAC, MBIA, and FGIC. Where insured, the County's bonds have gained the highest rating from all of the rating agencies rating these bonds.

Volusia County, Florida
Sales Tax Program
As of September 30, 2003

Type Series	Subordinate Lien Sales Tax Refunding Revenue Bonds, Series 2003				
Dated Date Original Amount of Issue Balance 9/30/03	July 1, 2003 $8,255,000 $8,255,000				
		Coupon	Principal	Interest	Total Debt Service
	FY 2003-04			193,295	193,295
	FY 2004-05	2.00%	360,000	254,126	614,126
	FY 2005-06	2.00%	365,000	246,876	611,876
	FY 2006-07	2.00%	375,000	239,476	614,476
	FY 2007-08	2.00%	385,000	231,876	616,876
	FY 2008-09	2.13%	390,000	223,883	613,883
	FY 2009-10	2.68%	400,000	214,989	614,989
	FY 2010-11	2.63%	415,000	204,792	619,792
	FY 2011-12	3.00%	420,000	193,045	613,045
	FY 2012-13	3.00%	440,000	180,145	620,145
	FY 2013-14	3.13%	450,000	166,514	616,514
	FY 2014-15	3.25%	465,000	151,926	616,926
	FY 2015-16	3.38%	475,000	136,354	611,354
	FY 2016-17	3.63%	505,000	119,186	624,186
	FY 2017-18	3.75%	515,000	100,376	615,376
	FY 2018-19	3.80%	540,000	80,460	620,460
	FY 2019-20	4.00%	560,000	59,000	619,000
	FY 2020-21	4.00%	585,000	36,100	621,100
	FY 2021-22	4.00%	610,000	12,200	622,200
Outstanding			$8,255,000	$3,044,619	$11,299,619
Call Schedule	October 1, 2012 and thereafter 100%				
Purpose	To provide funds sufficient to advance refund a portion of the County's outstanding Sales Tax Improvement Refunding Revenue Bonds, Series 1993 and pay costs associated with the refunding.				
Revenue Pledged	Local Government Half Cent Sales Tax				
Refunded By	N/A				
Refunding Status	Not advance refundable				

Volusia County, Florida
Sales Tax Program
As of September 30, 2003

Type Series	Subordinate Lien Sales Tax Improvement Revenue Bonds, Series 2001A				
Dated Date Original Amount of Issue Balance 9/30/03	June 1, 2001 $11,930,000 $11,855,000				
		Coupon	Principal	Interest	Total Debt Service
	FY 2003-04	4.00%	75,000	518,520	593,520
	FY 2004-05	4.00%	830,000	500,420	1,330,420
	FY 2005-06	4.00%	870,000	466,420	1,336,420
	FY 2006-07	4.00%	905,000	430,920	1,335,920
	FY 2007-08	4.00%	820,000	396,420	1,216,420
	FY 2008-09	4.00%	1,050,000	359,020	1,409,020
	FY 2009-10	4.10%	1,095,000	315,573	1,410,573
	FY 2010-11	4.20%	1,135,000	269,290	1,404,290
	FY 2011-12	4.30%	1,185,000	219,978	1,404,978
	FY 2012-13	5.00%	1,230,000	163,750	1,393,750
	FY 2013-14	5.00%	1,300,000	134,500	1,434,500
	FY 2014-15	5.00%	1,360,000		1,360,000
Outstanding			$11,855,000	$3,774,810	$15,629,810
Call Schedule	October 1, 2009 to September 30, 2010 @ 101% October 1, 2010 and thereafter 100%				
Purpose	To provide funds sufficient to advance refund a portion of the County's outstanding Sales Tax Improvement Refunding Revenue Bonds, Series 1994.				
Revenue Pledged	Local Government Half Cent Sales Tax				
Refunded By	N/A				
Refunding Status	Not advance refundable				

Volusia County, Florida
Sales Tax Program
As of September 30, 2003

Type Series	Subordinate Lien Sales Tax Improvement Revenue Bonds, Series 2001B				
Dated Date Original Amount of Issue Balance 9/30/03	June 1, 2001 $23,985,000 $21,620,000				
		Coupon	Principal	Interest	Total Debt Service
	FY 2003-04	4.00%	2,465,000	822,840	3,287,840
	FY 2004-05	4.00%	2,565,000	722,240	3,287,240
	FY 2005-06	4.00%	2,670,000	617,540	3,287,540
	FY 2006-07	4.00%	2,780,000	508,540	3,288,540
	FY 2007-08	4.00%	2,890,000	395,140	3,285,140
	FY 2008-09	4.00%	3,015,000	277,040	3,292,040
	FY 2009-10	4.10%	3,130,000	152,575	3,282,575
	FY 2010-11	4.20%	2,105,000	44,205	2,149,205
Outstanding			$21,620,000	$3,540,120	$25,160,120
Call Schedule	Not subject to optional redemption.				
Purpose	To provide funds sufficient to advance refund a portion of the County's outstanding Sales Tax Improvement Refunding Revenue Bonds, Series 1991A.				
Revenue Pledged	Local Government Half Cent Sales Tax				
Refunded By	N/A				
Refunding Status	Not advance refundable				

Volusia County, Florida
Sales Tax Program
As of September 30, 2003

Type Series	Subordinate Lien Sales Tax Improvement Revenue Bonds, Series 1998				
Dated Date Original Amount of Issue Balance 9/30/03	September 1, 1998 $59,250,000 $56,720,000				
		Coupon	Principal	Interest	Total Debt Service
	FY 2003-04	4.00%	735,000	2,625,855	3,360,855
	FY 2004-05	4.00%	755,000	2,596,055	3,351,055
	FY 2005-06	4.00%	780,000	2,565,355	3,345,355
	FY 2006-07	4.00%	810,000	2,533,555	3,343,555
	FY 2007-08	4.00%	840,000	2,500,555	3,340,555
	FY 2008-09	4.00%	865,000	2,466,455	3,331,455
	FY 2009-10	4.13%	900,000	2,430,593	3,330,593
	FY 2010-11	4.25%	2,070,000	2,368,043	4,438,043
	FY 2011-12	4.30%	4,535,000	2,226,553	6,761,553
	FY 2012-13	4.50%	4,725,000	2,022,738	6,747,738
	FY 2013-14	5.00%	4,935,000	1,793,050	6,728,050
	FY 2014-15	5.00%	5,180,000	1,540,175	6,720,175
	FY 2015-16	5.13%	6,880,000	1,234,375	8,114,375
	FY 2016-17	5.00%	7,225,000	877,450	8,102,450
	FY 2017-18	4.50%	7,575,000	526,388	8,101,388
	FY 2018-19	4.50%	7,910,000	177,975	8,087,975
Outstanding			$56,720,000	$30,485,168	$87,205,168
Call Schedule	October 1, 2008 through September 30, 2009 @101% October 1, 2009 thereafter @ 100%				
Purpose	To acquire, install and construct certain capital improvements of the County including a new County court facility, the restoration and refurbishment of the existing court facilities. Provide capitalized interest. Refund the outstanding Sales Tax Improvement Revenue Bonds, Series 1996.				
Revenue Pledged	Local Government Half Cent Sales Tax				
Refunded By	N/A				
Refunding Status	New Money (Advance Refundable) $49,545,000 Refunding (Not Advance Refundable) $9,705,000				

Volusia County, Florida
Sales Tax Program
As of September 30, 2003

Type Series	Sales Tax Improvement Revenue Bonds, Series 1994				
Dated Date Original Amount of Issue Balance 9/30/03	June 1, 1994 $17,625,000 $1,140,000				
		Coupon	Principal	Interest	Total Debt Service
	FY 2003-04	4.95%	770,000	39,259	809,259
	FY 2004-05	5.05%	60,000	18,271	78,271
	FY 2005-06	5.25%	60,000	15,151	75,151
	FY 2006-07	5.38%	65,000	11,829	76,829
	FY 2007-08	5.45%	185,000	5,041	190,041
Outstanding			$1,140,000	$89,551	$1,229,551
Call Schedule	October 1, 2002 through September 30, 2003 @102% October 1, 2003 through September 30, 2004 @101% October 1, 2004 thereafter @100%				
Purpose	To acquire, install and construct certain capital improvements of the County including two library facilities, environmentally sensitive land, office building, multiple parcels of real-estate and to advance refund the County's obligation under a loan agreement.				
Revenue Pledged	Local Government Half Cent Sales Tax				
Refunded By	A portion refunded by Sales Tax Revenue Bonds, Series 2001A				
Refunding Status	Advance Refundable				

Volusia County, Florida
Sales Tax Program
As of September 30, 2003

Type Series	Sales Tax Improvement Refunding Revenue Bonds Series 1993				
Dated Date Original Amount of Issue Balance 9/30/03	August 15, 1993 $9,905,000 Refunded				
		Coupon	Principal	Interest	Total Debt Service
Outstanding			$0	$0	$0
Call Schedule	October 1, 2003 through September 30, 2004 @101% October 1, 2004 through September 30, 2005 @100.5% October 1, 2005 thereafter @100%				
Purpose	To refund the County's outstanding Sales Tax Improvement Revenue Bonds, Series 1991.				
Revenue Pledged	Local Government Half Cent Sales Tax				
Refunded By	Refunded by Sales Tax Improvement Revenue Bonds, Series 2003				
Refunding Status	Refunded 7/1/03				

Volusia County, Florida
Tourist Development Tax
As of September 30, 2003

Type Series	Tourist Development Tax Refunding Revenue Bonds, Series 2002				
Dated Date Original Amount of Issue Balance 9/30/03	September 15, 2002 $22,565,000 $22,565,000				
		Coupon	Principal	Interest	Total Debt Service
	FY 2003-04	3.00%	1,645,000	613,888	2,258,888
	FY 2004-05	2.00%	1,700,000	572,213	2,272,213
	FY 2005-06	2.00%	1,820,000	537,013	2,357,013
	FY 2006-07	2.13%	1,970,000	497,881	2,467,881
	FY 2007-08	2.50%	2,015,000	451,763	2,466,763
	FY 2008-09	2.75%	2,070,000	398,113	2,468,113
	FY 2009-10	3.00%	2,125,000	337,775	2,462,775
	FY 2010-11	3.13%	2,190,000	271,681	2,461,681
	FY 2011-12	3.25%	2,265,000	200,656	2,465,656
	FY 2012-13	3.38%	2,340,000	124,363	2,464,363
	FY 2013-14	3.50%	2,425,000	42,438	2,467,438
Outstanding			$22,565,000	$4,047,781	$26,612,781
Call Schedule	December 1, 2010 to November 30, 2011 @ 101% December 1, 2011 and thereafter @ 100%				
Purpose	To refund all of the County's outstanding Tourist Development Tax Refunding Revenue Bonds, Series 1993.				
Revenue Pledged	Tourist Development Tax, net operating revenue of Civic Center				
Refunded By	N/A				
Refunding Status	Not advance refundable				

Volusia County, Florida
Tourist Development Tax
As of September 30, 2003

Type Series	Tourist Development Tax Refunding Revenue Bonds, Series 1993				
Dated Date Original Amount of Issue Balance 9/30/03	March 4, 1993 $33,530,000 Refunded				
		Coupon	Principal	Interest	Total Debt Service
Outstanding			$0	$0	$0
Call Schedule	December 1,2002 through November 30, 2003 @101% December 1,2003 thereafter @100%				
Purpose	To refund all of the County's outstanding Tourist Development Tax Refunding Revenue Bonds, Series 1986.				
Revenue Pledged	Tourist Development Tax, net operating revenue of Civic Center				
Refunded By	Tourist Development Tax Refunding Revenue Bonds, Series 2002				
Refunding Status	Refunded 9/15/02				

Volusia County, Florida
Voted 9th Cent Gas Tax
As of September 30, 2003

Type Series	Voted 9th Cent Gas Tax Revenue Bonds, Series 1992				
Dated Date Original Amount of Issue Balance 9/30/03	September 15, 1992 $5,640,000 $1,000,000				
		Coupon	Principal	Interest	Total Debt Service
	FY 2003-04	6.40%	480,000	41,360	521,360
	FY 2004-05	5.00%	425,000	15,375	440,375
	FY 2005-06	5.00%	95,000	2,375	97,375
Outstanding			$1,000,000	$59,110	$1,059,110
Call Schedule	In whole or in part on any maturity date with no premium.				
Purpose	To refund the cost of certain transportation capital improvements within the county.				
Revenue Pledged	9th Cent Voted Gas Tax				
Refunded By	N/A				
Refunding Status	Advance refundable				

Volusia County, Florida
Guaranteed Entitlement Revenue Bonds
As of September 30, 2003

Type Series	Guaranteed Entitlement Revenue Bonds, Series 1994				
Dated Date Original Amount of Issue Balance 9/30/03	May 1, 1994 $14,280,000 $3,450,000				
		Coupon	Principal	Interest	Total Debt Service
	FY 2003-04	4.90%	1,680,000	129,660	1,809,660
	FY 2004-05	5.00%	1,770,000	44,250	1,814,250
Outstanding			$3,450,000	$173,910	$3,623,910
Call Schedule	October 1,2002 through September 30,2003 @101% October 1, 2003 thereafter @ 100%				
Purpose	To acquire, construct and install an 800 MHz radio system.				
Revenue Pledged	(1) Portion of State Revenue sharing from certain taxes on cigarettes & intangible personal property; (2) $12.50 surcharge on moving violations.				
Refunded By	N/A				
Refunding Status	Advance refundable				

Volusia County, Florida
Special Assessment Improvement Bonds
As of September 30, 2003

Type Series	Special Assessment Improvement Bonds, Series 1995 (Bethune Beach Wastewater Project)				
Dated Date Original Amount of Issue Balance 9/30/03	April 15, 1995 $2,735,000 $60,000				
		Coupon	Principal	Interest	Total Debt Service
	FY 03-04	6.875%	60,000	4,125	64,125
Outstanding			$60,000	$4,125	$64,125
Call Schedule	Not subject to optional redemption.				
Purpose	Refinance the cost of acquisition and construction of a wastewater collection and transmission system including sanitary sewers, lift stations, force mains and related improvements.				
Revenue Pledged	Proceeds of Assessmnets levied & collected against properties benefited by the project				
Refunded By	N/A				
Refunding Status	Not Advance Refundable				

Volusia County, Florida
Airport System Program
As of September 30, 2003

Type Series	Airport System Revenue Refunding Bonds, Series 2003				
Dated Date Original Amount of Issue Balance 9/30/03	July 1, 2003 $11,110,000 $11,110,000				
		Coupon	Principal	Interest	Total Debt Service
	FY 2003-04		0	261,806	261,806
	FY 2004-05	2.00%	495,000	344,125	839,125
	FY 2005-06	2.00%	500,000	334,175	834,175
	FY 2006-07	2.00%	510,000	324,075	834,075
	FY 2007-08	2.00%	525,000	313,725	838,725
	FY 2008-09	2.00%	535,000	303,125	838,125
	FY 2009-10	2.40%	550,000	291,175	841,175
	FY 2010-11	2.70%	555,000	277,083	832,083
	FY 2011-12	3.00%	575,000	260,965	835,965
	FY 2012-13	3.00%	590,000	243,490	833,490
	FY 2013-14	3.20%	605,000	224,960	829,960
	FY 2014-15	3.30%	625,000	204,968	829,968
	FY 2015-16	3.50%	645,000	183,368	828,368
	FY 2016-17	3.60%	665,000	160,110	825,110
	FY 2017-18	3.70%	690,000	135,375	825,375
	FY 2018-19	4.00%	715,000	108,310	823,310
	FY 2019-20	4.00%	745,000	79,110	824,110
	FY 2020-21	4.00%	775,000	48,710	823,710
	FY 2021-22	4.10%	810,000	16,605	826,605
Outstanding			$11,110,000	$4,115,259	$15,225,259
Call Schedule	October 1, 2012 thereafter @ 100%				
Purpose	To refund a portion of the County's Airport System Revenue Bonds, Series 1993 and pay associated costs of the refunding.				
Revenue Pledged	Net revenues generated by the operations of the Airport & investment earnings.				
Refunded By	N/A				
Refunding Status	Not advance refundable				

Volusia County, Florida
Airport System Program
As of September 30, 2003

Type Series	Airport System Revenue Refunding Bonds, Series 2000 – AMT				
Dated Date Original Amount of Issue Balance 9/30/03	August 1, 2000 $30,795,000 $29,340,000				
		Coupon	Principal	Interest	Total Debt Service
	FY 2003-04	6.55%	790,000	2,017,223	2,807,223
	FY 2004-05	6.65%	845,000	1,963,254	2,808,254
	FY 2005-06	6.75%	905,000	1,904,614	2,809,614
	FY 2006-07	6.80%	965,000	1,841,260	2,806,260
	FY 2007-08	7.00%	1,025,000	1,772,575	2,797,575
	FY 2008-09	7.00%	1,100,000	1,698,200	2,798,200
	FY 2009-10	7.00%	1,175,000	1,618,575	2,793,575
	FY 2010-11	7.00%	1,260,000	1,533,350	2,793,350
	FY 2011-12	7.00%	1,350,000	1,442,000	2,792,000
	FY 2012-13	7.00%	1,440,000	1,344,350	2,784,350
	FY 2013-14	7.00%	1,545,000	1,239,875	2,784,875
	FY 2014-15	7.00%	1,650,000	1,128,050	2,778,050
	FY 2015-16	7.00%	1,765,000	1,008,525	2,773,525
	FY 2016-17	7.00%	1,890,000	880,600	2,770,600
	FY 2017-18	7.00%	2,025,000	743,575	2,768,575
	FY 2018-19	7.00%	2,165,000	596,925	2,761,925
	FY 2019-20	7.00%	2,320,000	439,950	2,759,950
	FY 2020-21	7.00%	2,475,000	272,125	2,747,125
	FY 2021-22	7.00%	2,650,000	92,750	2,742,750
Outstanding			$29,340,000	$23,537,775	$52,877,775
Call Schedule	Non-callable				
Purpose	To refund a portion of the County's Airport System Revenue Bonds, Series 1991.				
Revenue Pledged	Net revenues generated by the operations of the Airport & investment earnings.				
Refunded By	N/A				
Refunding Status	Non-callable				

Volusia County, Florida
Airport System Program
As of September 30, 2003

Type / Series	Airport System Revenue Refunding Bonds, Series 1993				
Dated Date	August 1, 1993				
Original Amount of Issue	$13,365,000				
Balance 9/30/03	$350,000				
		Coupon	Principal	Interest	Total Debt Service
	FY 03-04		350,000	8,750	358,750
Outstanding			$350,000	$8,750	$358,750
Call Schedule	October 1, 2003 through September 30, 2004 @ 102% October 1, 2004 through September 30, 2005 @ 101% October 1, 2005 thereafter @ 100%				
Purpose	To advance refund a portion of the County's Outstanding Airport System Revenue Bonds, Series 1991.				
Revenue Pledged	Net revenues generated by the operations of the Airport & investment earnings.				
Refunded By	Airport System Refunding Bonds, Series 2003				
Refunding Status	Refunded all but 2003 maturity - 7/1/03				

Volusia County, Florida
Water and Sewer Revenue Program
As of September 30, 2003

Type Series	Water and Sewer Refunding Revenue Bonds, Series 2003				
Dated Date Original Amount of Issue Balance 9/30/03	July 1, 2003 $6,975,000 $6,975,000				
		Coupon	Principal	Interest	Total Debt Service
	FY 2003-04			168,863	168,863
	FY 2004-05	2.00%	175,000	223,400	398,400
	FY 2005-06	2.00%	185,000	219,800	404,800
	FY 2006-07	2.00%	185,000	216,100	401,100
	FY 2007-08	2.00%	185,000	212,400	397,400
	FY 2008-09	2.00%	190,000	208,650	398,650
	FY 2009-10	2.30%	190,000	204,565	394,565
	FY 2010-11	2.60%	200,000	199,780	399,780
	FY 2011-12	2.80%	490,000	190,320	680,320
	FY 2012-13	3.00%	505,000	175,885	680,885
	FY 2013-14	3.10%	530,000	160,095	690,095
	FY 2014-15	3.25%	540,000	143,105	683,105
	FY 2015-16	3.40%	560,000	124,810	684,810
	FY 2016-17	3.60%	575,000	104,940	679,940
	FY 2017-18	3.70%	790,000	79,975	869,975
	FY 2018-19	3.80%	820,000	49,780	869,780
	FY 2019-20	4.00%	855,000	17,100	872,100
Outstanding			$6,975,000	$2,699,568	$9,674,568
Call Schedule	October 1, 2012 and thereafter @ 100%				
Purpose	To refund all of the County's outstanding Water and Sewer Revenue Bonds, Series 1993 and pay associated costs of the refunding.				
Revenue Pledged	Net revenues from operation of the County's Water and Sewer System, connection fees, & investment earnings.				
Refunded By	N/A				
Refunding Status	Not advance refundable				

Volusia County, Florida
Water and Sewer Revenue Program
As of September 30, 2003

Type Series	Water and Sewer Refunding Revenue Bonds, Series 1998				
Dated Date	July 1, 1998				
Original Amount of Issue	$5,085,000				
Balance 9/30/03	$3,985,000				
		Coupon	Principal	Interest	Total Debt Service
	FY 2003-04	4.00%	315,000	166,716	481,716
	FY 2004-05	4.00%	335,000	153,716	488,716
	FY 2005-06	4.10%	340,000	140,046	480,046
	FY 2006-07	4.15%	355,000	125,710	480,710
	FY 2007-08	4.20%	380,000	110,364	490,364
	FY 2008-09	4.25%	390,000	94,097	484,097
	FY 2009-10	4.35%	410,000	76,892	486,892
	FY 2010-11	4.40%	425,000	58,624	483,624
	FY 2011-12	4.60%	155,000	45,709	200,709
	FY 2012-13	4.70%	160,000	38,384	198,384
	FY 2013-14	4.75%	165,000	30,705	195,705
	FY 2014-15	4.80%	175,000	22,586	197,586
	FY 2015-16	4.80%	185,000	13,946	198,946
	FY 2016-17	4.88%	195,000	4,753	199,753
Outstanding			$3,985,000	$1,082,247	$5,067,247
Call Schedule	October 1, 2008 through September 30, 2009 @101% October 1, 2009 thereafter @ 100%				
Purpose	To refund all of the County's outstanding Water and Sewer Revenue Bonds, Series 1989.				
Revenue Pledged	Net revenues from operation of the County's Water and Sewer System, connection fees, & investment earnings.				
Refunded By	N/A				
Refunding Status	Not Advance Refundable				

Volusia County, Florida
Water and Sewer Revenue Program
As of September 30, 2003

Type Series	Water and Sewer Revenue Refunding and Improvement Bonds, Series 1993				
Dated Date Original Amount of Issue Balance 9/30/03	December 1, 1993 $7,470,000 Refunded				
		Coupon	Principal	Interest	Total Debt Service
Outstanding			$0	$0	$0
Call Schedule	October 1, 2003 through September 30, 2004 @102% October 1, 2004 through September 30, 2005 @101% October 1, 2005 thereafter @ 100%				
Purpose	To refund a portion of the County's outstanding Water and Sewer Revenue Bonds, Series 1989. Finance the cost of acquisition and construction of certain capital improvements to the County's Water and Sewer system.				
Revenue Pledged	Net revenues from operation of the County's Water and Sewer System, connection fees, & investment earnings.				
Refunded By	Water and Sewer Refunding Bonds, Series 2003				
Refunding Status	Refunded 7/1/03				

BOND CALL SCHEDULES

FY 2003-2004
Sales Tax Improvement Refunding Revenue Bonds, Series 1994 @101%
Guaranteed Entitlement Revenue Bonds, Series 1994 @100%
FY 2004-2005
Sales Tax Improvement Refunding Revenue Bonds, Series 1994 @ 100%
FY 2005-2006
None
FY 2006-2007
None
FY 2007-2008
None
FY 2008-2009
Subordinate Lien Sales Tax Improvement Revenue Bonds, Series 1998 @101%
Water and Sewer Refunding Revenue Bonds, Series 1998 @101%
FY 2009-2010
Subordinate Lien Sales Tax Improvement Revenue Bonds, Series 2001A @101%
Subordinate Lien Sales Tax Improvement Revenue Bonds, Series 1998 @100%
Water and Sewer Refunding Revenue Bonds, Series 1998 @100%
FY 2010-2011
Subordinate Lien Sales Tax Improv. Revenue Bonds, Series 2001A @100%
Tourist Development Tax Refunding Revenue Bonds, Series 2002 @101%
FY 2011-2012
Tourist Development Tax Refunding Revenue Bonds, Series 2002 @100%
FY 2012-2013
Subordinate Lien Sales Tax Refunding Revenue Bonds, Series 2003 @ 100%
Airport System Revenue Refunding Bonds, Series 2003 @ 100%
Water and Sewer Refunding Revenue Bonds, Series 2003 @ 100%

DEBT CAPACITY

Fiscal Year Ending September 30, 2003

Description	Local Government Half-Cent Sales Tax	State Revenue Sharing	Tourist Development Tax	Voted 9th Cent Gas Tax
FY 9/30/03 Revenues	**$ 18,383,901**	**$6,959,478** [1]	**$ 5,244,059** [2]	**$2,253,395**
Revenue Reserved to Pay Maximum Annual Debt Service w/Coverage	**1.25x** **$ 14,707,121**	**1.1x** **$ 3,163,399**	**1.4x** **$ 3,745,756**	**1.35x** **$1,669,181**
Total Maximum Annual Debt Service	**$ 8,916,413**	**$ 1,858,500**	**$2,509,875**	**$456,875**
Available Revenue to Pay Debt Service	**$ 5,790,707**	**$ 1,304,899**	**$1,235,881**	**$1,212,306**
Estimated Debt Capacity	**$100 M** [3]	**$28 M**	**$27 M**	**$20.7 M**
Projected Financing Term	**24 YEARS**	**13 YEARS** [4]	**20 YEARS**	**20 YEARS**

This table provides a *theoretical* presentation of bondable debt capacity for several of the County's major revenue sources. All of the revenues discussed here are currently expended as part of ongoing operations within the County. No additional debt can be secured and paid from these revenues without reducing operating costs and/or identifying a new source of funding.

The State of Florida distributes the Local Government Half-Cent Sales Tax revenue to the County by allocation formula. A portion of this revenue is pledged as security for the Sales Tax Improvement Revenue Bonds, Series 1994, 1998, 2001A, 2001B and 2003. Proceeds generated from these bonds funded capital construction and improvement projects. In FY 2002-2003, the County received $18.3 million in sales tax revenues and used $8.9 million to pay debt service on the bonds. All remaining sales tax revenues were split between the General Fund and the Municipal Service District and were expended as part of the normal ongoing operations of the County. However, approximately $5.7 million is bondable revenue, which could be designated to pay debt service on a bond issue of $100 million.

State Revenue Sharing dollars are also distributed to the counties by allocation formula. Last year, $6.9 million was split between the General Fund, the Transportation Trust Fund and the Debt Service Fund. The Guaranteed Entitlement portion of the State Revenue Sharing

[1] Effective July 1, 2004, the Florida Legislature has limited the amount of revenue sharing funds received in the prior year that can be pledged for bond indebtedness to 50%.

[2] Based on a partial year collection of additional one cent approved by County Council in April of 2003. A full year of collections would increase revenues and thus increase debt capacity.

[3] Currently, sales tax revenue is split between the General Fund and the MSD. The capacity for each of the funds is approximately 50% of the total.

[4] The term is of the financing was shortened, due to the limited capacity to pay interest.

revenue dollars are generated from taxes on cigarettes and sales and use tax and totaled $2,223,734. A portion of the County's allocation is pledged to pay debt service on the Guaranteed Entitlement State Revenue Bonds, Series 1994, proceeds of which were used to acquire, construct and install an 800 MHz radio system. These bonds will be retired in October 2004. The remaining Guaranteed Entitlement revenues are expended as part of the County's operating budget, and any funds required to pay debt service on bonds secured by this revenue source would need to be replaced in the current year budget. However, approximately $1.3 million is bondable revenue and could be pledged to pay debt service on a bond issue of $28 million.

In 1978, the voters of Volusia County approved a Tourist Development Plan and levied a County-wide two percent Tourist Development Tax (TDT). A portion of this tax is pledged for debt service on the Tourist Development Tax Refunding Revenue Bonds, Series 2002, which were used to finance construction of the Ocean Center. The remaining TDT revenues fund operations and maintenance of the Ocean Center. In April 2003, the County Council approved an additional one percent increase in the Tourist Development Tax (3% total), effective July 1, 2003. The additional revenue is designated to be pledged for debt service on a $48 million bond issue to pay for the expansion of the Ocean Center. It should be noted that current projections indicate that cash flow from operations will need to increase to fund ongoing operations of the expanded Ocean Center.

The Ninth Cent Voted Gas Tax was approved by a County-wide referendum in September 1982. The tax is a one-cent tax on every net gallon of motor and diesel fuel sold within the County. Gas Tax Revenue Bonds, Series 1992, were issued to fund the cost of transportation capital projects, including acquisition and construction of a portion of the East Coast Beltline connecting Taylor Road with Beville Road. The bonds mature in FY 2005-2006 and, as of September 30, 2003, the amount outstanding was $1,000,000. Revenue not used to pay debt service is programmed to pay for ongoing expenses related to public transportation operations and maintenance. However, $1.2 million is bondable revenue and would support a bond issue of $20.7 million.

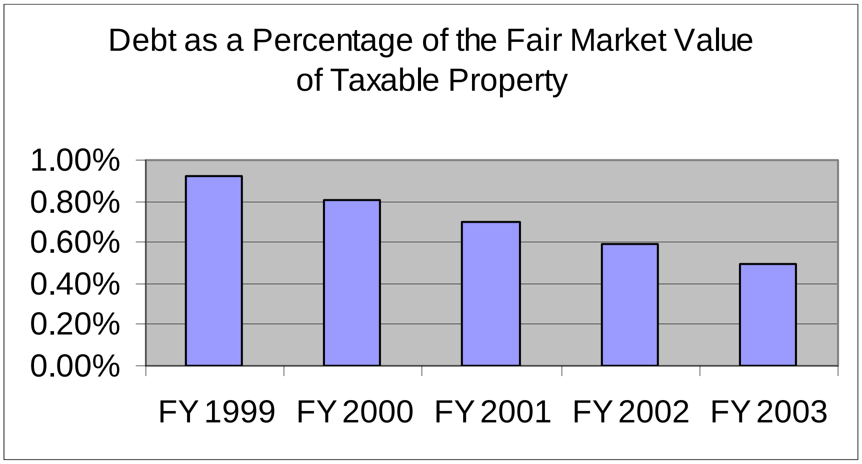
KEY DEBT RATIOS
FISCAL YEAR ENDING SEPTEMBER 30, 2003

Management takes a planned approach to the management of the County's finances. Quarterly monitoring, annual trend analysis of the County's financial condition and multi-year forecasting help identify any emerging financial concerns. Evaluating the long-term impact of financing options also helps management make informed decisions when recommending the issuance of debt for capital spending. Maintaining strong fiscal health helps provide financial flexibility and protection from economic changes or unanticipated expenditures.

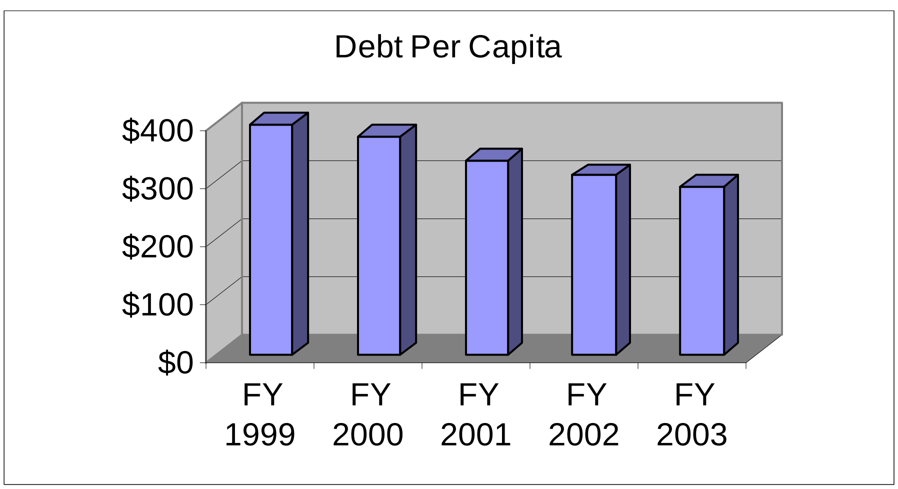
Debt ratios are among the analytical measures used by credit agencies to evaluate the financial strength of entities. Management also reviews these ratios annually to evaluate the County's debt profile. The County has maintained a relatively low amount of debt and key indicators show favorable trends as shown in the following table and graphs.

	FY 1999	**FY 2000**	**FY 2001**	**FY 2002**	**FY 2003**
Population	426,815	426,815	452,050	459,569	470,770
Taxable Assessed Property Value (000's)	$18,409,049	$19,864,671	$21,573,855	$24,040,798	$27,636,231
General Obligation Debt	$8,050,000	$6,380,000	$4,620,000	0	0
General Obligation Debt per Capita	$18.86	$14.95	$10.22	0	0
General Obligation Debt as % of Taxable Value	.043 %	.032 %	.021 %	0	0
Non-Self Supporting Revenue Debt	$154,616,224	$147,423,112	$140,820,000	$133,515,000	$126,665,000
Non-Self Supporting Revenue Debt Per Capita	$362.26	$345.40	$311.51	$ 290.52	$269.06
Non-Self Supporting Debt as a % of Taxable Value	.84 %	.74 %	.65 %	.55 %	.46 %
Direct Debt	$169,104,782	$160,306,440	$150,814,414	$141,992,492	$136,130,503
Direct Debt Per Capita	$396	$376	$334	$309	$289
Direct Debt as % of Taxable Value	.92 %	.81 %	.70%	.59 %	.49 %
Self-Supporting Debt	$56,500,000	$54,620,000	$53,935,000	$52,520,000	$51,760,000
Debt Service (Includes Bonds & Notes)	$21,128,028	$20,463,648	$21,626,689	$21,008,896	$19,623,787
Debt Service as % of General Fund Revenues	19.53 %	18.47 %	18.10 %	16.85 %	14.80 %

Debt to market value measures the debt burden on taxable property. It is calculated by dividing net debt by the value of the county's total taxable property. A rating below 3% is considered a "low debt burden" by Standard & Poor's[1] .

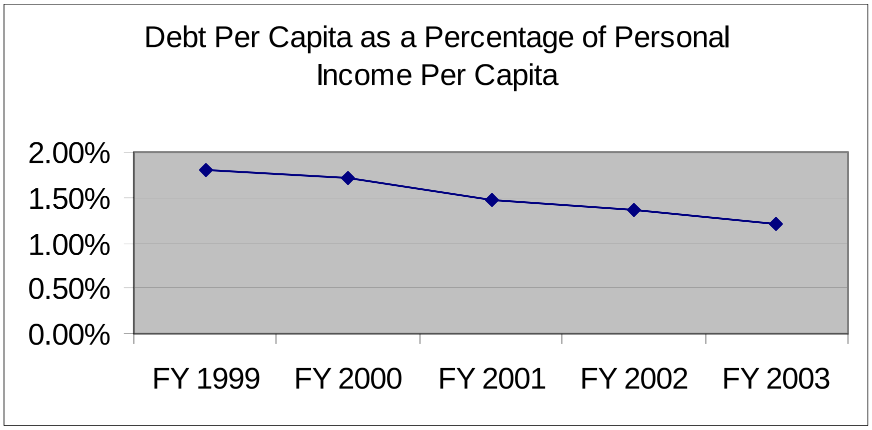


Debt per capita is a standard measure used by the rating agencies, credit analysts and investors to evaluate debt burden. This ratio suggests the County's ability to repay general long-term debt. The amount of net tax-supported debt is divided by the County's population resulting in the dollar amount of debt per person. The County's debt per capita has been on a continuous decline for the last 5 years. This decline is due to the scheduled principal retirements of outstanding debt. Rating agencies rate debt per capita below $1,000 as "low".

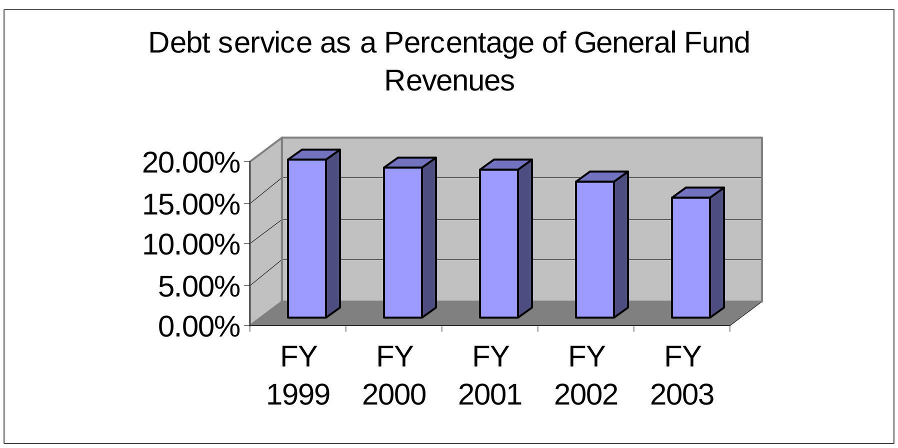


[1] Source: Standard & Poor's Public Finance Criteria 2000

Debt to income – Debt as a percentage of personal income is another standard measure of debt used by credit analysts and rating agencies. The calculation is net per capita debt divided by per capita income. The County's current ratio of 1.21% falls in the low range of between 0%-3% as viewed by the rating agencies.



Net tax-supported debt service as a percentage of revenues helps determine whether the debt burden is excessive. This ratio, which is calculated by dividing debt service on net tax-supported debt by revenues, represents the burden placed on the budget as a result of debt issuance. This trend has been declining to coincide with the reduction in overall debt. The current ratio of 14.8% would be rated as moderate by rating agencies.



RESTRUCTURING OF DEBT

There are usually three major reasons for restructuring debt: to reduce the issuer's interest costs, to restructure debt service; or to remove a burdensome or restrictive covenant imposed by the terms of the bonds being refinanced. Due to the legal, financial advisory, and issuance costs associated with the issuance of the new refunding bond, present value savings should be calculated to determine whether a refunding is financially feasible. The following is a brief discussion of restructuring methods.

- *Refunding* **–** A process whereby an issuer refinances an outstanding bond issue by issuing new bonds. The proceeds of the new bond issue either are used to immediately retire the outstanding obligations or are used to purchase a portfolio of U.S. Treasury securities whose cash flows are used to pay off the remaining debt service of the old, refunded bonds until they are called or mature.

    - *Current Refunding* **–** a refunding in which the prior, refunded bonds are called or mature within 90 days of issuance of the refunding bonds.

    - *Advance Refunding* – the prior, refunded bonds remain outstanding until maturity or their first call date. The maturity or call date may be years in the future. Governmental bonds are generally limited to one advance refunding.

    - *Forward Refunding* **–** the issuer may lock in existing low interest rates and refund the bonds on their first call date. Therefore, all the terms of the transaction are agreed upon today, but the transaction does not occur until the first day of the current refunding period.

- *Defeasance* **–** To discharge the lien of an indenture relating to a bond issue and, in the process, render inoperative restrictions under which the issuer has been obligated to comply. Ordinarily, an issuer may defease an indenture requirement by depositing with a trustee an amount sufficient fully to pay all amounts under a bond contract as they become due. When defeased, the security lien of an indenture is released, and the debt is legally satisfied even though it may not have been formally retired.

Debt Service Savings

The tax-exempt market has been in decline since January 2000. Due to the low interest rate environment, the County has realized significant debt service savings by refunding some of its outstanding debt. The Tourist Development Tax Refunding Revenue Bonds, which were callable in December 2002, were refundable on a current basis in October 2002. Preliminary estimates by the County's Financial Advisors, Public Financial Management (PFM), indicated that savings would be around $1 million. The refunding resulting in actual debt services savings of $2 million (present value) or 8.79% of the refunded par amount.

In January 2003, three additional outstanding bond issues were identified as potential refunding candidates. Since all three of the financings originally advance refunded outstanding bonds, they could not be called until 90 days prior to their call date. Therefore, these transactions could not be closed before July 3, 2002. Initial debt service savings were estimated at $1.4 million. The tax-exempt market continued to decline and when the bonds were priced on June 3, 2003, rates were as low as they had been in 40 years. As a result, the County realized debt service savings of over $3.7 million, well in excess of preliminary estimates. All three refinancings resulted in savings of over 11% of the par amount refunded.

CURRENT REFUNDINGS
FY 2002-2003

The following table details the four bond issues refunded this fiscal year. The total amount of refunded bonds outstanding prior to refinancing was $48,540,000. The par amount of the new bond issues total $48,906,000 and resulted in an increase of $366,000. The total debt service savings of $5,084,798 offset the increase in debt.

REFUNDING ISSUE	**$22,566,000 Tourist Development Tax Refunding Revenue Bonds, Series 2002**	**$8,255,000 Subordinate Lien Sales Tax Refunding Revenue Bonds, Series 2003**	**$11,110,000 Airport System Refunding Revenue Bonds, Series 2003**	**$6,975,000 Water and Sewer Refunding Revenue Bonds, Series 2003**
REFUNDED ISSUE	Tourist Development Tax Refunding Revenue Bonds, Series 1993	Sales Tax Improvement Refunding Revenue Bonds, Series 1993	Airport System Revenue Refunding Bonds, Series 1993	Water & Sewer Revenue Refunding and Improvement Bonds, Series 1993
REFUNDING DATE	October 14, 2002	July 3, 2003	July 3, 2003	July 3, 2003
CALL DATE OF REFUNDED BONDS	December 1, 2002	October 1, 2003	October 1, 2003	October 1, 2003
REFUNDED AMOUNT	$23,160,000	$8,030,000	$10,655,000	$6,695,000
DEBT SERVICE SAVINGS	$2,303,130 over 12 years	$1,166,892 over 19 years	$1,794,756 over 19 years	$815,123 over 17 years
ECONOMIC GAIN (PRESENT VALUE SAVINGS)[1]	$1,970,248	$854,736	$1,041,513	$527,828
PRESENT VALUE SAVINGS[2]	$2,035,743	$889,515	$1,431,556	$727,984
% SAVINGS	8.79%	11.43%	13.44%	11.06%

[1] *Includes GASB adjustments*
[2] *PFM Memorandums dated 10/1/02 and 7/10//2003*

DEFEASED DEBT[3]

The County has defeased certain revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. During the fiscal year, the County defeased four bond issues. The Tourist Development Tax Refunding Revenue Bonds, Series 1993 was called in December 2002 and no longer has any bonds outstanding. At September 30, 2003, $34,110,000 of bonds outstanding are considered defeased and were comprised of the following:

Sales Tax Improvement Revenue Bonds, Series 1993 (defeased 7/3/03)	$ 8,030,000
Sales Tax Improvement Revenue Bonds, Series 1996 (defeased 10/14/98)	7,940,000
Limited Tax General Obligation Bonds, Series 1992 (defeased 7/30/02)	790,000
Airport System Revenue Refunding Bonds, Series 1993 (defeased 7/3/03)	10,655,000
Water & Sewer Revenue Refunding and Improvement Bonds, Series 1993 (defeased 7/3/03)	6,695,000
Total	$ 34,110,000

[3] Source: County of Volusia CAFR, Fiscal Year Ended September 30, 2003

Commercial Paper Loan Program

The Florida Local Government Finance Commission is a governmental entity created by local finance officials to provide low-interest loans to local governments within the state. The loan program offers participants lower interest rates than traditional sources of borrowing, such as bank loans, public offerings of debt or lease purchase financing. Participation in the loan program is subject to credit review and approval by Wachovia Bank.

The projects typically financed by a participant through the commercial paper loan program are projects involving short-term loan borrowing for under five years.

Commercial paper is a variable rate instrument ranging from one day to 270 days in duration. The commercial paper is marketed in New York by Morgan Stanley & Company. The rate varies, depending on market conditions on the day of the sale, but have historically been very low. The variable interest rates during FY 2002-2003 ranged from 1.001% to 1.408%. The average fees charged on the loans is .63 basis points, or .63 percent.

Loan	Balance
2000 - Solid Waste Cell	2,400,000
2001 - Sheriff's Vehicles, Emergency Generators, Summit Plastics Renovation	1,240,000
2002 – Sheriff's Vehicles, Computer Equipment	2,030,000
2003 – Sheriff's Vehicles, Computer Equipment	1,795,000
2003 – Solid Waste Equipment	1,670,000
2003 – Endangered Lands Acquisition	4,255,000
Total	$13,390,000

State Revolving Fund (SRF) Loan Program

The State of Florida, pursuant to Section 403.1835, Florida Statutes, makes low cost loans to local governments to finance the construction of wastewater pollution control facilities. Eligible projects include new construction and/or improvements to wastewater sewer systems, sewerage pump stations, sewerage treatment facilities, reclaimed water reuse facilities, storm water management facilities, and estuary protection facilities. Disbursements are made to project sponsors after costs are incurred. Interest rates on these projects range from 2.99% - 3.24%.

Loan	Balance
SE Wastewater Facilities	$7,272,049
Deltona North Water Reclamation Facility	1,340,466
SW Regional Water Reclamation Facility	2,623,399
Total	$11,235,914

Fixed and Variable Rate Loans

Bank of America leasing has provided a fixed rate (3.9%), 7- year note to finance the purchase of two helicopters for the Sheriff's department.

The State of Florida loaned the County funds for land acquisition to contruct a runway. Loan repayment is not due until 10 years after project completion. The balance includes an adjustment by the Florida Dept. of Transportation for front end funding in the amount of $4,522.

Loan	Balance
Bank of America Leasing-Sheriff's Helicopters	2,634,625
Airport Land Acquisition	4,206,547
Total	$6,841,172

COUNTY OF VOLUSIA, FLORIDA
DEBT MANAGEMENT POLICY

Mission Statement

To provide a comprehensive and viable debt management policy which recognizes the capital improvement needs of the County as well as the taxpayers' ability to pay while taking into account existing legal, economic, financial and debt market considerations.

General Policy Overview

The basic purpose of a debt management policy is to assist the government in the execution of its overall strategy by contributing to the continued financial health and stability of the organization and assuring future access to debt markets to meet both scheduled and unscheduled needs. In practice, the limits within which a debt management policy can be developed and implemented are usually very confined. Despite these limitations, it is the responsibility of each local government to develop a policy which, at a minimum, provides a conceptual framework for the issuance and management of debt.

The legal, economic, financial and market conditions associated with the issuance of debt are dynamic, unpredictable and usually in a constant mode of change. Consequently, the decision to issue debt is best made on a case-by-case basis and only after careful and timely analysis and evaluation of all relevant factors. Some of the factors that should be considered include, but are not limited to, the following:

- Legal constraints on debt capacity and various financing alternatives.
- The urgency of the capital requirements to be met and the economic costs of delays.
- Willingness and financial ability of the taxpayers to pay for the capital improvements.
- Determination as to whether to employ a "pay as you acquire" versus a "pay as you use" approach.
- Proper balance between internal and external financing.
- Current interest rates and other market considerations.
- The financial condition of the County.
- The types, availability and stability of revenues to be pledged for repayment of the debt.
- Type of debt to be issued.
- The nature of the projects to be financed (i.e., approved schedule of improvements, non-recurring improvements, etc.)

Debt Management Policies

(1) Capital improvements related to enterprise fund operations (e.g., airport, water and wastewater systems, refuse disposal systems, etc.) if financed by debt, it should be repaid solely from user fees and charges generated from the respective enterprise fund operation.

(2) Capital improvements not related to enterprise fund operations (e.g., parks, public buildings, etc.) may be financed by debt to be repaid from available revenue sources (including ad valorem taxes) pledgeable for same.

(3) Cash surpluses, to the extent available and appropriable, should be used to finance scheduled capital improvements.

(4) The County will issue debt only for the purposes of constructing or acquiring capital improvements (the approved schedule of capital improvements) and for making major renovations to existing capital improvements.

(5) All capital improvements financed through the issuance of debt will be financed for a period not to exceed the useful life of the improvements, but in no event to exceed 30 years.

(6) The County shall not construct or acquire a public facility if it is unable to adequately provide for the subsequent annual operation and maintenance costs of the facility.

(7) The County will at all times manage its debt and sustain its financial position in order to seek and maintain the highest credit rating possible.

(8) The County should consider coordinating with other local government entities to the fullest extent possible, so as to minimize the overlapping debt burden to citizens.

(9) The County will ensure that an adequate system of internal control exists so as to provide reasonable assurance as to compliance with appropriate laws, rules, regulations, and covenants associated with outstanding debt.

(10) Revenue sources will only be pledged for debt when legally available and, in those situations where they have previously been used for operation and maintenance expenses/general operating expenditures, they will only be pledged for debt when other sufficient revenue sources are available to replace same to meet operation and maintenance expenses/general operating expenditures.

(11) The County will market its debt through the use of competitive bid whenever deemed feasible, cost effective and advantageous to do so. However, it is recognized that, in some situations, certain complexities and intricacies of a particular debt issue are such that it may be advantageous to market the debt via negotiated sale.

Debt Management Policies (Cont'd)

(12) The County will continually monitor its outstanding debt in relation to existing conditions in the debt market and will refund any outstanding debt when sufficient cost savings can be realized.

(13) Credit enhancements (insurance, letters of credit, etc.) will be used only in those instances where the anticipated present value savings in terms of reduced interest expense exceeds the cost of the credit enhancement.

(14) In order to maintain a stable debt service burden, the County will attempt to issue debt that carries a fixed interest rate. However, it is recognized that certain circumstances may warrant the issuance of variable rate debt. In those instances, the County should attempt to stabilize debt service payments through the use of an appropriate stabilization arrangement.

County of Volusia
History of Bond Issues
As of September 30, 2003

Issue Date	Name and Brief Details	Interest Rates	Principal	Pay Dates & Original Maturity	Pledge
7/3/2003	Subordinate Lien Sales Tax Refunding Revenue Bonds, Series 2003 *To currently refund all the outstanding Sales Tax Improvement Refunding Revenue Bonds, Series 1993 and pay costs associated with the issuance of the Series 2003 Bonds.*	2.0 - 4.0	$8,255,000	10/1 & 4/1 - 2021	Local Government Half Cent Sales Tax
7/3/2003	Water and Sewer Refunding Revenue Bonds, Series 2003 *To currently refund the outstanding Water and Sewer Refunding and Improvement Revenue Bonds, Series 1993 and pay certain costs associated with the issuance of the Series 2002 Bonds.*	2.0 - 4.0	$6,975,000	10/1 & 4/1 - 2019	Net revenues derived from operations, connection fees and investment income
7/3/2003	Airport System Refunding Revenue Bonds, Series 2003 *To refund the outstanding Airport System Revenue Refunding Bonds, Series 1993 and pay certain costs associated with the issuance of the Series 2002 Bonds.*	2.0 - 4.1	$11,110,000	10/1 & 4/1 - 2021	Net revenues derived from operation of the Airport System.
10/3/2002	Tourist Development Tax Refunding Revenue Bonds, Series 2002 *To currently refund all of the outstandingTourist Development Tax Refunding Revenue Bonds, Series 1993 and pay certain costs associated with the issuance of the Series 2002 Bonds.*	2.0 - 3.5	$22,565,000	12/1 & 6/1 - 2013	Local Option Tourist Development Tax Revenue
6/1/2001	Subordinate Lien Sales Tax Refunding Revenue Bonds, Series 2001A *To refund a portion of the outstanding Sale Tax Improvement Revenue Bonds, Series 1994 and pay certain costs associated with the issuance of the Series 2001A Bonds.*	4.0 - 5.0	$11,930,000	10/1 & 4/1 - 2014	Local Government Half Cent Sales Tax
6/1/2001	Subordinate Lien Sales Tax Refunding Revenue Bonds, Series 2001B *To refund a portion of the outstanding Sale Tax Improvement Revenue Bonds, Series 1991A and pay certain costs associated with the issuance of the Series 2001B Bonds.*	4.0 - 4.2	$23,985,000	10/1 & 4/1 - 2010	Local Government Half Cent Sales Tax
8/1/2000	Airport System Revenue Refunding Bonds, Series 2000 *To refund the outstanding Airport System Revenue Bonds, Series 1991, maturing on/after 10/01/2001.*	7.00 - 6.35	$30,795,000	10/1 & 4/1 - 2021	Net revenues derived from system operations
9/1/1998	Subordinate Lien Sales Tax Improvement Revenue Bonds, Series 1998 *To refund the Series 1996 bond issue and to finance construction of the West Volusia Courthouse and misc projects.*	5.125 - 4.000	$59,250,000	10/1 & 4/1 - 2018	Local Government Half Cent Sales Tax
7/1/1998	Water and Sewer Refunding Revenue Bonds, Series 1998 *To refund the remaining portion of the Water and Sewer Bonds, Series 1989.*	4.875 - 4.000	$5,085,000	10/1 & 4/1 - 2016	Net revenues derived from operations, connection fees and investment income
10/1/1996	Sales Tax Improvement Revenue Bonds, Series 1996 *To finance 2 regional library facilities, acquire property for beach parking, a training facility for Sheriff's Dept., an agriculture center, improvements to existing facilities, and misc. other projects.*	5.50 - 3.60	$10,000,000	10/1 & 4/1 - 2016	Local Government Half Cent Sales Tax
4/15/1995	Special Assessment Improvement Bonds, Series 1995 *To finance the Bethune Beach Wastewater Project.*	6.875 - 6.000	$2,735,000	01/01 &07/01 - 2005	Proceeds of Assessments levied and collected against properties benefited by the project.

County of Volusia
History of Bond Issues
As of September 30, 2003

Issue Date	Name and Brief Details	Interest Rates	Principal	Pay Dates & Original Maturity	Pledge
6/1/1994	Sales Tax Improvement Revenue Bonds, Series 1994 *To finance construction of 2 regional libraries, acquire beach-front property, Gemini Springs, renovate DeLand Courthouse and other projects.*	5.750 - 4.000	$17,625,000	10/1 & 4/1 - 2014	Local Government Half Cent Sales Tax
5/1/1994	Guaranteed Entitlement Revenue Bonds, Series 1994 *To finance the acquisition and construction of an 800 MHz communications system.*	5.000 - 3.500	$14,280,000	10/1 & 4/1 - 2004	(1)Portion of State Revenue Sharing derived from certain taxes on cigarettes and intangilbe personal property, and (2) a $12.50 surcharge on Moving Violations
12/1/1993	Water and Sewer Revenue Refunding and Improvement Bonds, Series 1993 *To refund a portion of the 1989 bond issue and finance the acquisition and construction of certain system capital improvements.*	5.250 - 2.600	$7,470,000	10/1 & 4/1 - 2019	Net revenues derived from system operations and up to $1Million of Public Service Taxes
8/15/1993	Sales Tax Refunding Revenue Bonds, Series 1993 *To refund the 1991 bond issue.*	5.375 - 2.600	$9,905,000	10/1 & 4/1 - 2021	Local Government Half Cent Sales Tax
8/1/1993	Airport System Revenue Refunding Bonds, Series 1993 *To refund a portion of the 1991 bond issue.*	5.650 - 2.700	$13,365,000	10/1 & 4/1 - 2021	Net revenues derived from system operations
3/4/1993	Tourist Development Tax Refunding Revenue Bonds, Series 1993 *To refund the 1986 bond issue.*	5.250 - 2.500	$33,530,000	12/1 & 6/1 - 2013	Local Option Tourist Development Tax
9/15/1992	Gas Tax Revenue Bonds, Series 1992 *To finance construction of the East Coast Beltline from Beville to Taylor Rd.*	6.400 - 4.000	$5,640,000	12/1 & 6/1 - 2005	Ninth Cent Voted Gas Tax
1/15/1992	Limited Tax General Obligation Refunding Bonds, Series 1992 *To refund the Starke Bonds and the 1988 Limited G.O. Issue.*	5.875 - 3.000	$18,805,000	7/1 & 1/1 - 2004	County-Wide Ad Valorem Tax Levy
1/1/1992	Sales Tax Refunding Revenue Bonds, Series 1991A *To refund the 1986A, B and C bond issues.*	6.400 - 4.000	$37,170,000	10/1 & 4/1 - 2010	Local Government Half Cent Sales Tax
9/1/1991	Sales Tax Improvement Revenue Bonds, Series 1991 *To complete financing of Justice Center, acquire 250 N Beach St and several other projects.*	6.750 - 6.000	$8,980,000	10/1 & 4/1 - 2021	Local Government Half Cent Sales Tax
5/15/1991	Airport System Revenue Bonds *To finance construction of new airport terminal facility and related improvements.*	7.000 - 5.700	$46,030,000	10/1 & 4/1 - 2021	Net revenues derived from system operations
8/1/1989	Water & Sewer Revenue Bonds, Series 1989 *To refund the 1986 issue and provide financing for acquisition and construction of water and sewer facilities.*	6.850 - 6.000	$9.5 Million	10/1 & 4/1 - 2020	Net revenues derived from system operations and up to $1 Million of Public Service Taxes
3/23/1989	Service Fee Limited Revenue Bonds *To acquire the Justice Center site* *NOTE: Actual payments were made as early as possible with final payment 04/15/2001.*	8.00	$1,839,335	10/15 & 4/15 - 2009	Court Facility Fees
6/1/1988	Limited Tax General Obligation Bonds *To finance the balance of the Endangered Lands Acquisition Program.*	7.900 - 7.000	$16.5 Million	7/1 & 1/1 - 2017	County-Wide Ad Valorem Tax Levy

County of Volusia
History of Bond Issues
As of September 30, 2003

Issue Date	Name and Brief Details	Interest Rates	Principal	Pay Dates & Original Maturity	Pledge
11/30/1987	Starke General Obligation Bonds *To purchase endangered land known as Starke Tract. (Blue Springs area)*	9.875	$3.5 Million	Interest @ Mo - 1998	County-Wide Ad Valorem Tax Levy
10/1/1986	Tourist Development Tax Refunding Revenue Bonds, Series 1986 *To refund the 1983 bond issue.*	7.250 - 4.250	$32,755,000	12/1 & 6/1 - 2014	Local Option Tourist Development Tax
8/25/1986	Water & Sewer Revenue Bonds *To acquire several small water systems in southwest part of county.*	9.04	$2,203,596	8/25 & 2/25 - 2016	Net revenues derived from system operations
8/1/1986	West Volusia Library District General Obligation Bonds *To finance construction of the West Volusia Regional Library.*	7.400 - 7.000	$2 Million	12/1 & 6/1 - 1996	Ad Valorem Taxes levied in district
8/1/1986	Sales Tax Improvement Revenue Bonds, Series 1986C *To finance construction of Justice Center.*	7.750 - 4.250	$6 Million	10/1 & 4/1 - 2011	Local Government Half Cent Sales Tax
8/1/1986	Sales Tax Improvement Revenue Bonds, Series 1986B *To finance construction of several projects including Public Safety Facility, Vehicle Maint. Facility, portion of DeLand Admin Center.*	7.750 - 4.250	$12 Million	10/1 & 4/1 - 2011	Local Government Half Cent Sales Tax
7/1/1986	Sales Tax Refunding Revenue Bonds, Series 1986A *To refund the 1983 bond issue.*	7.750 - 4.500	$22.5 Million	10/1 & 4/1 - 2011	Local Government Half Cent Sales Tax
8/1/1983	Tourist Development Tax and Civic Center Facilities Revenue Bonds *To finance construction of the Ocean Center.*	9.500 - 8.900	$29 Million	12/1 & 6/1 - 2014	Local Option Tourist Development Tax
6/1/1983	Sales Tax Improvement Revenue Bonds *To finance construction of the Branch Jail.*	10.375 - 8.500	$21 Million	1/1 & 7/1 - 2004	Local Government Half Cent Sales Tax

CONDUIT DEBT OBLIGATIONS[1]

Five entities have been established for the sole purpose of providing financial assistance to private-sector entities to acquire or construct equipment and facilities deemed to be in the public interest. Bonds issued on behalf of the entities are not deemed to constitute a debt of the County of Volusia, the State of Florida, or any political subdivision thereof. Bonds or other debt obligations are payable solely from the revenues or other resources pledged under the terms of the debt agreements. The five entities and their purposes are:

- **Community Development Properties, Volusia, Inc. –** provide financing for constructing a 1,500 space parking garage to satisfy requirements of Volusia County Code to end parking and driving on a section of Daytona Beach between Seabreeze Boulevard and International Speedway Boulevard.
- **Volusia County Health Facilities Authority** – provide financing for health care facilities and services available to the citizens of Volusia County.
- **Housing Finance Authority of Volusia County** – provide financing to alleviate the shortage of affordable rental housing and residential housing facilities for low and moderate income families and individuals, and to provide capital for investment in such housing facilities.
- **Volusia County Industrial Development Authority** – provide financing for the purpose of fostering economic development with Volusia County.
- **Volusia County Educational Facilities Authority –** provide financing for higher education projects required or useful for the instruction of students or the operation of an institution of higher education in Volusia County.

Bonds issued on behalf of the entities are not deemed to constitute a debt of the County of Volusia, the State of Florida, or any political subdivision thereof. Bonds or other debt obligations are payable solely from the revenues or other resources pledged under the terms of the debt agreements.

A summary of outstanding issues at September 30, 2003 is comprised of the following:

ENTITY	NUMBER OF SERIES OUTSTANDING	ORIGINAL ISSUED	AGGREGATE PRINCIPAL OUTSTANDING
Community Development Properties, Volusia, Inc.	2	$ 13,435,000	
Volusia County Health Facilities Authority	6	352,810,000	
Housing Finance Authority of Volusia County	17	88,621,000	(1)
Volusia County Industrial Development Authority	(1)	(1)	(1)
Volusia County Educational Facilities Authority	8	223,280,000	

(1) Information not available from individual entities.

.

[1] Source: County of Volusia CAFR, Fiscal Year Ended September 30, 2003

VOLUSIA COUNTY CONDUIT BOND HISTORY
BY YEAR

COUNCIL DATE	ISSUING AUTHORITY	PURPOSE	AMOUNT	RESOLUTION NO.
		2003		
06/26/03	Housing Finance Authority	Multi-Family Housing Revenue Bonds (Oakland Terrace Apartments), Series 2003	Not to Exceed $12,000,000	2003-116
06/05/03	Educational Facilities Authority	Educational Facilities Revenue Bonds (Embry-Riddle Aeronautical University Project), Series 2003	Not to Exceed $45,000,000	2003-102
02/06/03	Housing Finance Authority	Participation in Brevard County Mortgage Revenue Bond Program for 2003	Not to Exceed $75,000,000	2003-15
		2002		
12/19/02	Housing Finance Authority	Multi-Family Housing Revenue Bonds (Saxon Trace Apartments), Series 2003A	Not to Exceed $9,500,000	2002-223
10/03/02	Housing Finance Authority	Multi-Family Housing Revenue Refunding Bonds (Anatole Apartments -FKA Mallwood Village Apartments, Series 1985C), Series 2002	Not to Exceed $7,000,000	2002-169
06/20/02	Educational Facilities Authority	Variable Rate Educational Facilities Revenue Bonds (Stetson University, Inc. Project), Series 2002	Not to Exceed $10,850,000	2002-112
01/17/02	Housing Finance Authority	Multi-Family Housing Revenue Refunding Bonds (Fisherman's Landing Apartments), Series 2002 CFO-02-001	Not to Exceed $6,085,000	2002-13
		2001		
11/29/01	Housing Finance Authority	Mult-Family Housing Revenue Bonds (San Marco Apartments Project), Series A2002; and Taxable Multi-Family Housing Revenue Bonds (San Marco Apartments Project), Series B2002 CFO-01-043	A)Not to Exceed $13,000,000 B)Not to Exceed $750,000	2001-215
11/29/01	Housing Finance Authority	Participation in Brevard County Single Family Mortgage Revenue Bond Program for 2002 CFO-01-042	Not specified	2001-214
08/16/01	Educational Facilities Authority	Variable Rate Educational Facilities Revenue Bonds (Bethune-Cookman College, Inc. Project), Series 2001 CFO-01-027	Not to Exceed $24,000,000	2001-161
02/22/01	Housing Finance Authority	Participation in Brevard County Single Family Mortgage Revenue Bond Program for 2001 SSC-01-009	Not specified	2001-35
01/04/01	Industrial Development Authority	IDA Revenue Bonds (Ocean Design, Inc. Project), Series 2001 SSC-01-002	Not to Exceed $1,500,000	2001-11
01/04/01	Industrial Development Authority	City of Daytona Beach IDA Revenue Bond (Children's Advocacy Center of Volusia & Flagler Counties, Inc. Project), Series 2001 SSC-00-028	Not to Exceed $500,000	2001-04
		2000		
12/14/00	Industrial Development Authority	IDA Issuance of Colorado Health Facilities Authority Revenue	Not to exceed	2000-253

		Bonds/The Evangelical Lutheran Good Samaritan Society (Florida Lutheran Retirement Center) SSC-00-025	$600,000	
12/14/00	Housing Finance Authority	Multi-Family Housing Revenue Bonds, Series A20001 & Series B2001 SSC-00-024	A)$8,000,000 B$3,000,000	2000-254
12/14/00	Health Facilities Authority	Re: Memorial Healthcare Systems, Inc. 1)Highlands County Revenue Bonds (Adventist Health System/Sunbelt) 2)Orange County Revenue Bonds (Adventist Health System/Sunbelt) 3)Highlands County Revenue Bonds (Adventist Health System/Sunbelt) Accounts Receivable Program SSC-00-023	1)Not to Exceed $1,000,000 2)Not to Exceed $1,000,000 3)Not to Exceed $6,000,000	1)2000-242 2)2000-243 3)2000-244
09/07/00	Industrial Development Authority	IDA Revenue Refunding Bonds (Easter Seal Society of Volusia & Flagler Counties, Inc. Project), Series 2000 SSC-00-010	Not to Exceed $2,500,000	2000-173
08/17/00	Health Facilities Authority	Re: Southwest Volusia Healthcare Corporation 1)Highlands County Revenue Bonds (Adventist Health System/Sunbelt) 2)Orange County Revenue Bonds (Adventist Health System/Sunbelt) 3)Highlands County Revenue Bonds (Adventist Health System/Sunbelt) SSC-00-006	1)Not to Exceed $1,000,000 2)Not to Exceed $1,000,000 3)Not to Exceed $6,000,000	1)2000-158 2)2000-159 3)2000-160
02/24/00	Housing Finance Authority	Issuance of Single Family Mortgage Revenue Bonds (Brevard County) PS-00-02	Not to Exceed $75,000	2000-38
01/06/00	Industrial Development Authority	Industrial Development Authority/APCO Institute, Inc. CFO-99-053	Not to Exceed $2,000,000	2000-8
		1999		
12/09/99	Housing Finance Authority	Multi-Family Housing Revenue Bonds (Sunrise Pointe Apartments Project), Series 2000 CFO-99-050	Not to Exceed $7,500,000	1999-191
09/30/99	Health Facilities Authority	Revenue Bonds (Indigo Manor Project), Series 1999A and Series 1999B (Applicant did not complete transaction on bond insurance previously authorized by Council) CFO-99-040	$16,750,000	1999-155
06/17/99	Educational Facilities Authority	Series 1999 Bonds: 1)Stetson University, Inc. Project; 2)ERAU, Inc. Project CFO-99-025	1)$20,000,000 2)Not to exceed $50,000,000	1999-90 1999-91
03/04/99	Housing Finance Authority	Volusia County Participation in Clay County Multi-County Single Family Mortgage Revenue Bond Program for 1999 CFO-99-007	Not Specified	1999-32

		1998		
12/17/98	Housing Finance Authority	Multi-Family Housing Revenue Bonds: 1) Lexington Club at Spring Arbor; 2) Raceway Pointe, 3) Speedway Pointe CFO-98-061	1)$7.1 Million 2)$7.8 Million 3)$6.6 Million	1)1998-215 2)1998-216 3)1998-217
12/03/98	Health Facilities Authority	Lee County Health Care Facilities Revenue Bonds (Alliance Community for Retirement Living) CFO-98-060	Not specified	1998-202
11/19/98	Industrial Development Authority	Industrial Development Authority Revenue Refunding Bonds (Bishop's Glen Project), Series 1998 CFO-98-055	Not to exceed $28,000,000	1998-188
11/19/98	Housing Finance Authority	Multi-Family Housing Revenue Bonds (Spring Arbor Apartments) CFO-98-056	Not to exceed $5,700,000	1998-189
09/17/98	Health Facilities Authority	Health Care Revenue Bonds (Indigo Manor Project), Series 1998A & Series 1998B CFO-98-042	A) Not to exceed $15,300,000 B) Not to exceed $700,000	1998-151

Glossary of Terms

Advance Refunding. Bonds are issued to refund an outstanding bond issue prior to the date on which the outstanding bonds become due or callable. Proceeds of the advance refunding bonds are deposited in escrow with a fiduciary institution, invested in U. S. Treasury Bonds or other authorized securities, and used to redeem the underlying bonds at maturity or call date and to pay interest on the bonds being refunded or the advance refunding bonds. Governmental bonds are generally limited to one advance refunding.

Annual Debt Service. The combined amount due in a fiscal year for payments of interest and current maturities of principal on outstanding debt.

Arbitrage. The difference between the tax-exempt interest rate paid by the borrower and the interest rate at which the proceeds of the issue are invested. The Internal Revenue Code contains specific regulations concerning the amount that can be earned from the investment of tax-exempt proceeds. Interest earnings that exceed the allowable amount must be paid to the federal government.

Basis Point. An expression of interest equal to one-hundredth of a percent (.01%). One hundred basis points equal one percent. Used in the pricing of bonds and in discussions of the yield of a bond.

Bond. A written promise to pay a specified sum of money, called the face value (par value) or principal amount, at a specified date or dates in the future, called the maturity date(s), together with periodic interest at a specified rate. The difference between a note and a bond is that the bond runs for a longer period of time and requires greater legal formality.

Bond Counsel. The legal firm hired to advise the Issuer regarding the legal and tax aspects of the sale. Bond counsel writes the legal opinion for the bond issue. The legal opinion must be unconditional and is essential for a bond issue to be marketable. The bond opinion provides assurance to the bond purchaser that the bond was legally issued and is tax-exempt. Generally responsible for producing the legal documents required for the sale.

Bonded Debt. The portion of an issuer's total indebtedness represented by outstanding bonds of various types.

Bond Insurance. A form of credit enhancement that is provided by private, for-profit insurance companies. For a premium, insurance companies will agree to guarantee interest and principal payments to bondholders if the issuer cannot make payments. Bonds with insurance carry the credit rating of the insurer instead of the issuer, most typically AAA.

Bond Proceeds. The money paid to the issuer by the purchaser or underwriter of a new issue of municipal securities. These moneys are used to finance the project or purpose for which the securities were issued and to pay certain costs of issuance as may be provided in the bond contract.

Bond Rating. An independent assessment of the relative credit risk associated with purchasing and holding a particular bond, and the likelihood that the obligation will be repaid on-time and in full.

Call or Call Provision. The conditions under which a debt obligation may be redeemed prior to its stated maturity. Such provisions specify the date on which an obligation may be redeemed and the price investors will receive if their bonds are redeemed.

Call Premium. The amount the issuer has promised to pay in excess of par value when bonds are redeemed in advance of their maturity date. The call premium is expressed as a percent of the par value.

Commercial Paper. Short term, unsecured promissory notes issued by organizations of recognized credit quality.

Conduit Bonds. Bonds issued on behalf of entities established to provide financial assistance to private-sector entities to acquire or construct equipment and facilities deemed to be in the public interest. (This debt does not constitute debt of the County of Volusia. Bonds or other debt obligations are payable solely from the revenues or other resources pledged under the terms of the debt agreements.)

Cost of Issuance. The expense associated with the sale of a new issue of municipal securities, including such items as underwriter's spread, printing, legal fees and rating costs.

Coverage. The ratio of pledged revenues available annually to pay the debt service requirement. This ratio is one indication of the availability of revenues for payment of debt service. The formula for determining coverage, often referred to as "debt service coverage" or the "coverage ratio," is as follows:

$$\text{Coverage} = \frac{\text{Pledged Revenues}}{\text{Debt Service Requirement}}$$

Coverage Covenant. A pledge by the issuer, in the trust indenture of bond resolution, to maintain a specified level of coverage of debt service requirements from pledged revenues.

Credit Enhancement. A guarantee by a third party in a debt financing that strengthens the credit quality behind the obligation.

Credit Rating Agency. Agencies hired to appraise, analyze and monitor the credit quality of the bond issuer. These firms provide credit ratings for use by retail and institutional investors to gauge the credit risks inherent in the bond issue. The fee for the rating service is paid by the issuer and based on the issue size, type and complexity.

Current Refunding. A refunding in which the prior, refunded bonds are called or mature within 90 days of issuance of the refunding bonds.

CUSIP Numbers (Committee on Uniform Security Identification Procedures). Identification numbers assigned each maturity of a bond issue, and usually printed on the face of each individual bond in the issue. The CUSIP numbers are intended to facilitate identification and clearance of municipal securities.

Dated Date. The date on which a debt obligation begins to accrue interest. For example, if a bond issue was dated July 1 and was delivered to the purchaser (closed) on July 14, the purchaser would need to pay the issuer accrued interest from the dated date (July 1) up to but not including the delivery date (July 14).

Debt Service. The amounts of money necessary to pay interest and principal requirements for a given year or series of years.

Defease. To discharge the lien of an ordinance, resolution, or indenture relating to a bond issue and, in the process, render inoperative restrictions under which the issuer has been obligated to comply. Ordinarily, an issuer may defease an indenture requirement by depositing with a trustee an amount sufficient to fully pay all amounts under a bond contract as they become due.

Delivery Date. The date on which securities are delivered in exchange for proceeds. The delivery date is considered the date of issuance for new securities and is also known as the closing date.

Direct Debt. Bonded debt for which the local government has pledged its full faith and credit.

Discount. The amount by which par value exceeds the price paid for a security and which generally represents the difference between the nominal interest rate and the actual or effective return to the investor.

Effective Interest Rate. The actual rate earned by the investor on bonds purchased, after allowing for premiums, discounts or accrued interest over the period of the investment.

Escrow Account. A fund established to hold moneys pledged and to be used to pay debt service on an outstanding issue.

Financial Condition. The probability that a government will meet both its financial obligations to creditors, consumers, employees, taxpayers, suppliers, constituents, and others as they become due; and service obligations to constituents, both currently and in the future. (Source: Governmental Accounting Standards Board - GASB)

Forward Refunding. A process whereby an issuer may take advantage of low interest rates by locking in at the lower interest rates and refund the bonds on their first call date. Therefore, all the terms of the transaction are agreed upon today, but the transaction does not occur until the first day of the current refunding period.

Full Faith and Credit. An unconditional pledge of a government's taxing power that secures general obligation bonds. Bonds carrying such pledges are usually referred to as general obligation bonds or full faith and credit bonds.

General Obligation ("G.O.") Bonds. Bonds for which the payment is backed by the full faith and credit of the issuing entity. The full faith and credit is a pledge of the general taxing powers for the payment of the debt obligation. Some GO bonds, known as limited-tax GO bonds, are backed by the pledge of a defined portion of the issuer's general taxing power.

Good Faith Deposit. A sum of money, usually in an amount from 1 percent to 5 percent of the par value of the bond issue, and generally in the form of a certified or cashier's check, which is enclosed with the bid in a competitive sale. The check is returned to the bidder if the bid is not accepted, but the check of the successful bidder is retained by the issuer and applied against the purchase price when the bonds are delivered.

Interest. Compensation paid or to be paid for the use of money. It is generally expressed as an annual percentage rate.

Interest Rate. The annual percentage of principal payable for the use of borrowed money.

Issuer. A state, political subdivision, agency or authority that borrows money through the sale of bonds or notes.

Lease-Purchase Agreement. An agreement entered into by two parties in which one provides a facility or equipment in exchange for a pledge from the other to make regular lease payments. Upon completion of the lease term, the lessee assumes ownership of the item. Most lease-purchase agreements provide that the lessee will continue to make lease payments only as long as its governing body appropriates funds for that purpose.

Legal Opinion. An opinion concerning the legality of a municipal bond issue. Such opinions usually address the legal authority of the issuer to sell bonds, the issuer's compliance with all procedural requirements prior to issuance, and the tax status of the bonds as an investment.

Limited Tax Bond. A general obligation bond secured by the pledge of a specified tax or category of taxes which is limited as to rate or amount.

Long-term Debt. Debt with a maturity of more than one year after date of issuance.

Maximum Annual Debt Service. The largest combined amount of the annual debt service becoming due in any fiscal year in which bonds are outstanding, excluding all fiscal years which have ended prior to the fiscal year in which the maximum annual debt service is computed.

Municipal Bond. A debt obligation issued by a state or local government, to provide funds for a government's general financing needs or for special projects. Municipal bonds are free from federal tax on the accrued interest and also free from state and local taxes if issued in the state of residence.

Municipal Securities Rule Making Board (MSRB). An independent, self-regulatory organization established by Congress in 1975 having general rule making authority over municipal securities market participants.

Negotiated Sale. The sale of a new issue of municipal securities by an issuer through an exclusive agreement with an underwriter or underwriting syndicate selected by the issuer. The primary points of negotiation for an issuer are the interest rate and purchase price on the issue.

Official Statement. A disclosure document prepared in connection with a specific offering which provides detailed information concerning security provisions, maturity dates and amounts, optional redemption provisions, ratings, coupon rates and reoffering yields, and other relevant credit data. The official statement is prepared and circulated after the sale has been completed. (See "Preliminary Official Statement".)

Par Value. The face or amount of the principal of a bond or note.

Per Capita. In Latin translation, per head – per person.

Preliminary Official Statement. A disclosure document prepared in connection with a specific offering that provides detailed information concerning security provisions, maturity dates and amounts, optional redemption provision, and other relevant credit data. The preliminary official statement is prepared and circulated as a marketing tool prior to the sale of the securities. (See "Official Statement".)

Premium. The amount by which the price of a bond exceeds its Principal amount or Par value. A redemption premium is the premium an issuer is required (by the terms of a bond) to pay to redeem (call) the bond prior to it's stated maturity.

Present Value. The value today of a future payment, or stream of payments, discounted at some appropriate compound interest (or discount) rate. Also called the time value of money.

Principal. The face amount of a debt instrument on which interest is either owed or earned.

Ratings Agencies. The organizations that provide publicly available ratings of the credit quality of securities issuers. The term is most often used to refer to the three nationally recognized agencies, Moody's Investors Service, Inc., Standard and Poor's Corporation, and Fitch Ratings.

Ratings. Designations of the quality of bonds or notes issued by state and local governmental units. Ratings are provided by agencies or corporations that seek to render a professional judgment concerning the quality of the security being rated.

Refunding. A process whereby an issuer refinances an outstanding bond issue by issuing new bonds. The refunding bonds may be sold for cash and outstanding bonds redeemed in cash, or the refunding bonds may be exchanged with holders of outstanding bonds.

Reserve. An account used to indicate that a portion of fund equity is legally restricted for a specific purpose or not available for appropriation and subsequent spending.

Revenue Bond. A bond which is payable from a specific source of revenue and to which the full faith and credit of an issuer with taxing power is not pledged. Revenue bonds are payable from identified sources of revenue, and do not permit the bondholders to compel taxation or legislative appropriation of funds not pledged for payment of debt service. Generally, no voter approval is required prior to issuance of such obligations.

Revolving Loan Fund. A centrally administered (usually by a state) fund that makes loans to subordinate units of government to address specific funding objectives. Loan repayments are recycled into additional loans. Original capitalization often comes from a combination of federal grants and state monies.

Securities. Bonds, notes mortgages, or other forms of negotiable or non-negotiable instruments.

Sinking Funds. An account into which an issuer makes periodic deposits to assure timely availability of monies for the payment of debt service requirements. The sinking fund was the fund created to accumulate moneys to "sink" the debt at its maturity.

SLGS. An acronym for "State and Local Government Series." SLGS are special United States Government securities sold by the Treasury to states, municipalities and other local government bodies through individual subscription agreements. The interest rates and maturities of SLGS are arranged to comply with arbitrage restrictions imposed under Section 103 of the Internal Revenue Code. SLGS are most commonly used for deposit in escrow in connection with the issuance of refunding bonds.

Special Assessment Bond. A municipal general obligation bond whose debt service is paid by a special tax or assessment on property in a particular locality because that property receives a special benefit due to some public improvement, separate and apart from the general benefit accruing to the public at large.

Subordinated Debt Instrument. A debt instrument requiring that repayment of principal may not be made until another debt instrument senior to it has been repaid in full.

Underlying Rating. An assessment of a bond's credit, without considering external credit enhancements. For an insured bond issue, the underlying rating is the rating the issue would receive if it had no insurance.

Yield. The rate earned on an investment based on the price paid for the investment, the interest earned during the period held and the selling price or redemption value of the investment.