

County of Volusia, Florida

Annual Report on County Debt For the Fiscal Year Ended September 30, 2002 (Audited)



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The compilation of this document is attributed to the combined efforts of several individuals deserving of special recognition. The cooperation, contributions and expertise provided by each one are greatly appreciated.

The Accounting Division staff is commended for their expertise and efforts put forth in preparation of the Comprehensive Annual Financial Report. The CAFR is the foundation for information contained in this report.

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Our team of Financial Advisors serve as consultants and advisors in many areas of financial management. The depth of experience and breadth of knowledge has served the County well in refinancing of bond issues and data analysis for proposed offering of debt. They work tirelessly and are generous in sharing their knowledge and experience with the Debt Management staff.

Public Financial Management

David Moore
Jay Glover

The teamwork and dedication of our staff who work diligently to provide analysis, data compilation and research is most appreciated.

Debt Management and Admin Division

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EXECUTIVE SUMMARY

This document is the County of Volusia's first Annual Report on County Debt and provides a detailed discussion of outstanding debt and debt service obligations for the County. Data contained in the Comprehensive Annual Financial Report (CAFR) for fiscal year ended September 30, 2002, provides its foundation.

Due to the complex nature of the CAFR, the Annual Report on County Debt is intended as a supplement, consolidating data previously maintained by several divisions. 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 CONDITION

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 unexpected volatility. 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.

In FY 2001-2002, the State Auditor General implemented a Financial Condition Assessment as 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 two fiscal years and included two measures relating to debt. One indicator measures the amount of long-term debt to population. A four-year favorable trend on this indicator suggests that the debt burden is manageable. The second indicator relates debt service to total expenditures. A four-year favorable trend on this indicator suggests that the County has sufficient flexibility to respond to economic changes.

As of September 30, 2002, total County outstanding indebtedness was \$214,724,314 and includes: Bonded debt of \$186,035,000, Commercial Paper Loans totaling \$9,646,000, \$11,762,946 in State Revolving Fund Loans, and \$7,280,368 in other loans. The County's indebtedness has decreased more than \$11 million from the previous fiscal year. The decrease is reflective of not issuing new bonded debt, paying down current debt and refinancing debt at a lower rate.

DEBT AFFORDABILITY

Debt affordability is measured in a variety of ways. Several relationships between debt, expenditures, and tax base have been developed by the municipal finance community when evaluating the fiscal soundness and credit worthiness of a governmental entity. Two of which are given particular emphasis are the ratio of expenditures for debt service to total expenditures and the ratio of net debt to the market value of taxable property. The former

indicates the level of present (and future) expenditures necessary to support past borrowing while the latter ratio gives an indication of a government's ability to generate sufficient revenue to retire its existing (and projected) debt. Fitch Ratings, an international bond rating agency, recommends these ratios not exceed 10% and 5%, respectively. The County of Volusia's ratios as of September 30, 2002 are:

	<u>Volusia County</u>	<u>Fitch Ratings</u>
Debt Service Expenditures to Total Expenditures	7.61%	10%
Net Debt to Market Value of Taxable Property	.59%	5%

DEBT CAPACITY

The County's bonded debt continues to be "self supporting" in that enterprise revenues and ad valorem taxes adequately cover debt service on these bonds. The County is in compliance with all bond covenants and coverage requirements. The County's current bonding capacity is determined by the availability of bondable revenue. Current estimates indicate that sales tax collections would support a future revenue bond issue of approximately \$75 million and that the guaranteed entitlement portion of state revenue sharing dollars would support a bond issue of \$75 million.

However, just as individuals should maintain some debt capacity, so should a government agency. Some flexibility is prudent to address any major capital expenditure as a result of an unexpected event. This practice is looked upon favorably by bond rating agencies.

BEST PRACTICES

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 03-04).

Preparation of a Five-Year Financial Forecast by the Office of Management and Budget, along with the practice of interim financial reporting and monitoring is also considered a "best practice" by GFOA and carries a "significant" rating value.

Another "best practice" is implementation of a well defined and coordinated economic development strategy. The in-house management of the County's economic development program and Council's commitment to fund the program should be viewed favorably by the rating agencies.

FY 2001-2002 HIGHLIGHTS

The 1992 Limited Tax General Obligation Bonds, which mature in 2004, were retired in FY 2001-2002. The annual amounts collected from the tax levy resulted in an accumulation of funds sufficient to legally defease the bonds. This action removed the debt from the County's balance sheet and permitted the County to cease levying an ad valorem millage to

pay the Refunded Bonds. Defeating the bonds released ad valorem revenue to allocate the maximum .20 mills each, to fund the Volusia Forever and Volusia Echo programs approved by the electorate on November 7, 2000.

On September 18, 2002, the County accepted bids for the purchase of the Tourist Development Tax Refunding Revenue Bonds, Series 2002. The sale resulted in over \$2 million in net present value debt service savings or 8.79% of the refunded par amount. These bonds refunded the Tourist Development Tax Refunding Revenue Bonds, Series 1993.

ON THE HORIZON

With the current low interest rate environment, it is expected that there will be opportunities for refunding of the Airport System Revenue Refunding Bonds, Series 1993, the Sales Tax Improvement Refunding Revenue Bonds, Series, 1993, and the Water and Sewer Revenue Refunding and Improvement Bonds, Series 1993. Refunding the bonds is expected to generate saving in debt service sufficient to cover the costs of reissuing the debt and reduce annual debt service expense. The combined anticipated savings range from \$1 - \$1.4 million.

The County Council is considering a vote to increase the bed tax in Volusia County to fund expansion of the Ocean Center. The expansion is estimated to cost \$50 million. The vote to increase the bed tax from 5% to 6% is expected to occur in the 2nd quarter of 2003. If the tax increase is approved, the County Council is expected to sell bonds and use the revenue to pay for the expansion. The additional 1% is expected to generate approximately \$2.2 million dollars in revenue and based on current interest rates would support a bond issue of between \$28 and \$35 million, depending on the term of the financing.

CONCLUSION

Management continues to monitor economic trends to identify potential problems. Currently, the revenue streams the County relies upon to fund most countywide services remain strong. The property tax base is projected to grow 8% for FY 2003-2004. A large increase in new home construction contributed to the 9.47% growth for the year FY 2002-2003. In comparison, the tax base grew 8% in FY 2001-2002, and 6.4% in FY 2000-2001. Property taxes comprise two-thirds of all General Fund revenue.

Another indicator of strength in the local economy is growth in sales tax revenues. These revenues have averaged 8.4% in Volusia County for the past three fiscal years. The large increases in sales tax revenue has been attributed to a change in the census data used by the State of Florida. Current estimates project a 4% growth in FY 2003-2004.

The County's overall debt profile is characterized by good debt service coverage from pledged revenues, and by sound legal provisions ensuring full and timely payment of debt service.

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

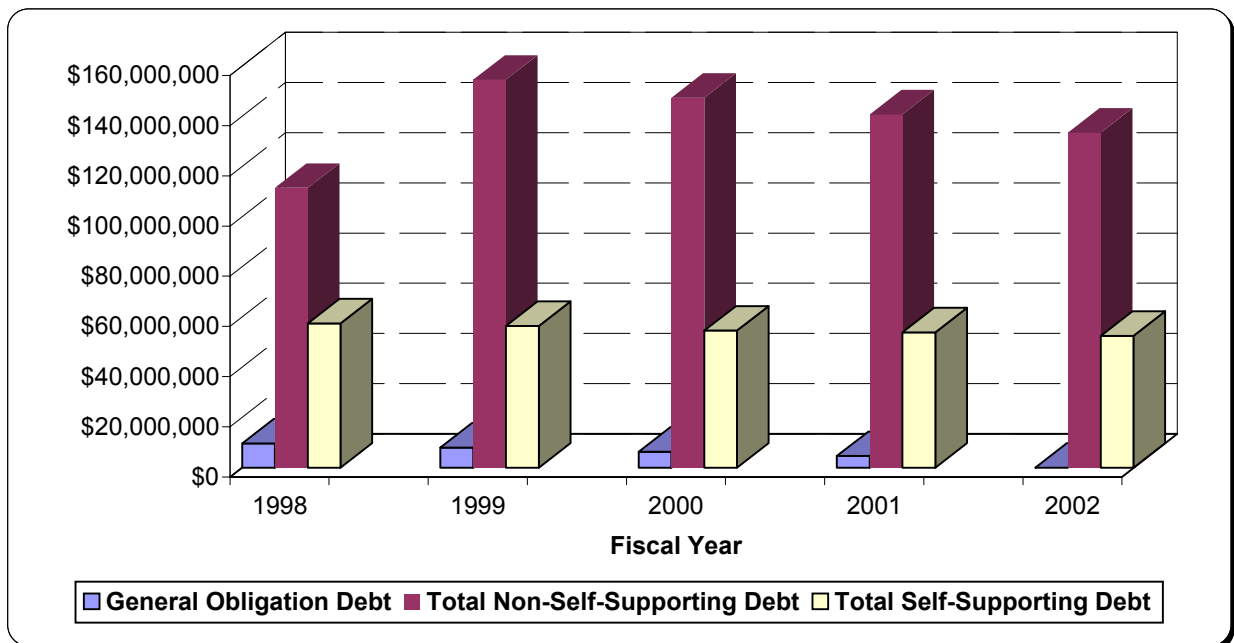
fund the capital outlay and capital

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** – The FLGFC was established to provide short-term borrowing for a term of up to five years using short-term variable interest rates, to participating counties, cities, school boards and special districts in Florida.
- **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** – Variable rate debt should be consistent with the average life of the assets financed. Generally, rating agencies and issuers view variable rate debt of 20% - 30% of the total debt as acceptable and not resulting in a change in rating. The County’s variable rate debt is 4.5% of the total bonded indebtedness. Over the past several years, GE Capital and Bank of America Leasing have provided low interest rate loans for the County.

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

	<u>Fiscal Year Ended September 30</u>				
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
General Obligation Debt	\$9,635,000	\$8,050,000	\$6,380,000	\$4,620,000	\$0
Non-Self-Supporting Debt					
Senior Lien: Sales Tax	65,640,000	53,430,000	50,785,000	13,085,000	10,145,000
Subordinate Lien: Sales Tax	-	59,250,000	58,750,000	94,015,000	93,340,000
Tourist Development Tax Revenue Bonds	28,315,000	27,110,000	25,850,000	24,535,000	23,160,000
Voted 9th Cent Gas Tax Revenue Bonds	3,390,000	2,920,000	2,440,000	1,960,000	1,480,000
Guaranteed Entitlement Revenue Bonds	10,675,000	9,365,000	7,995,000	6,555,000	5,040,000
Service Fee Limited Revenue Bonds	1,839,335	1,226,224	613,112	-	-
Special Assessment Improvement Bonds	1,650,000	1,315,000	990,000	670,000	350,000
Total Non-Self-Supporting Debt	\$111,509,335	\$154,616,224	\$147,423,112	\$140,820,000	\$133,515,000
Self-Supporting Debt					
Water & Sewer Revenue Refunding Bonds	12,275,000	12,185,000	11,870,000	11,490,000	11,095,000
Airport System Revenue Bonds	45,180,000	44,315,000	42,750,000	42,445,000	41,425,000
Total Self-Supporting Debt	\$57,455,000	\$56,500,000	\$54,620,000	\$53,935,000	\$52,520,000
Total Bonded Debt	<u>\$178,599,335</u>	<u>\$219,166,224</u>	<u>\$208,423,112</u>	<u>\$199,375,000</u>	<u>\$186,035,000</u>



Schedule of Bond Ratings

<u>Bond Issue</u>	<u>Issue Date</u>	<u>Original Bond Issue Amount</u>	<u>Outstanding</u>	<u>Final Maturity</u>	<u>Bond Ratings: Fitch/Moody's/S&P</u>	
<u>Non-Self-Supporting Debt:</u>						
Senior Lien: Sales Tax Improvement Revenue Bonds:						
Refunding Series 1993	8/15/93	\$9,905,000	\$8,270,000	2021	(M)Aaa	(S&P)AAA
Series 1994	6/01/94	\$17,625,000	\$1,875,000	2007	(M)Aaa	(S&P)AAA
Subordinate Lien: Sales Tax Improvement Revenue:						
Bonds, Series 1998	9/01/98	\$59,250,000	\$57,425,000	2018	(F)AAA	(S&P)AAA
Bonds, Series 2001A	7/2/01	\$11,930,000	\$11,930,000	2014	(F)AAA	(M) Aaa
Bonds, Series 2001B	7/2/01	\$23,985,000	\$23,985,000	2010	(F)AAA	(M) Aaa
Tourist Development Tax Refunding Revenue Bonds:						
Series 1993	3/01/93	\$33,530,000	\$23,160,000	2013	(M)Aaa	(S&P)AAA
Voted 9th Cent Gas Tax Revenue Bonds:						
Series 1992	9/15/92	\$5,640,000	\$1,480,000	2005	Private Placement Bonds	
Guaranteed Entitlement Revenue Bonds:						
Series 1994	5/1/94	\$14,280,000	\$5,040,000	2004	(F)AAA	(M)Aaa (S&P) AAA
Special Assessment Improvement Bonds:						
Series 1995	4/15/95	\$2,735,000	\$350,000	2005	No Ratings	
<u>Self-Supporting Debt:</u>						
Water and Sewer Revenue Funding Bonds:						
Series 1993	12/1/93	\$7,470,000	\$6,805,000	2019	(F) AAA	(M)Aaa (S&P)AAA
Series 1998	7/01/98	\$5,085,000	\$4,290,000	2016	(F)AAA	(M) Aaa
Airport System Revenue Bonds:						
Series 1993	8/01/93	\$13,365,000	\$11,335,000	2021	(M) Aaa	(S&P) AAA
Series 2000	8/01/00	\$30,795,000	\$30,090,000	2021	(M)Aaa	(S&P) 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, 2002

Series Type	Subordinate Lien Sales Tax Improvement Revenue Bonds, Series 2001A				
Dated Date	1-Jun-01				
Original Par	\$ 11,930,000				
Current Par	\$ 11,930,000				
	Maturity 1-Oct	Principal	Coupon	Interest	Total Debt Service
	2002	75,000	4.00%	523,020	598,020
	2003	75,000	4.00%	520,020	595,020
	2004	830,000	4.00%	517,020	1,347,020
	2005	870,000	4.00%	483,820	1,353,820
	2006	905,000	4.00%	449,020	1,354,020
	2007	820,000	4.00%	412,820	1,232,820
	2008	1,050,000	4.00%	380,020	1,430,020
	2009	1,095,000	4.10%	338,020	1,433,020
	2010	1,135,000	4.20%	293,125	1,428,125
	2011	1,185,000	4.30%	245,455	1,430,455
	2012	1,230,000	5.00%	194,500	1,424,500
	2013	1,300,000	5.00%	133,000	1,433,000
	2014	1,360,000	5.00%	68,000	1,428,000
Outstanding		\$ 11,930,000		\$ 4,557,840	\$ 16,487,840
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, 2002

Series Type	Subordinate Lien Sales Tax Improvement Revenue Bonds, Series 2001B				
Dated Date	1-Jun-01				
Original Par	\$ 23,985,000				
Current Par	\$ 23,985,000				
	Maturity 1-Oct	Principal	Coupon	Interest	Total Debt Service
	2002	2,365,000	4.00%	966,740	3,331,740
	2003	2,465,000	4.00%	872,140	3,337,140
	2004	2,565,000	4.00%	773,540	3,338,540
	2005	2,670,000	4.00%	670,940	3,340,940
	2006	2,780,000	4.00%	564,140	3,344,140
	2007	2,890,000	4.00%	452,940	3,342,940
	2008	3,015,000	4.00%	337,340	3,352,340
	2009	3,130,000	4.10%	216,740	3,346,740
	2010	2,105,000	4.20%	88,410	2,193,410
Outstanding		\$ 23,985,000		\$ 4,942,930	\$ 28,927,930
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	Non-callable				

Volusia County, Florida
Sales Tax Program
As of September 30, 2002

Series Type	Subordinate Lien Sales Tax Improvement Revenue Bonds, Series 1998				
Dated Date	15-Aug-93				
Original Par	\$ 59,250,000				
Current Par	\$ 57,425,000				
	Maturity 1-Oct	Principal	Coupon	Interest	Total Debt Service
	2002	705,000	4.00%	2,688,755	3,393,755
	2003	735,000	4.00%	2,640,555	3,375,555
	2004	755,000	4.00%	2,611,155	3,366,155
	2005	780,000	4.00%	2,580,955	3,360,955
	2006	810,000	4.00%	2,549,755	3,359,755
	2007	840,000	4.00%	2,517,355	3,357,355
	2008	865,000	4.00%	2,483,755	3,348,755
	2009	900,000	4.13%	2,449,155	3,349,155
	2010	2,070,000	4.25%	2,412,030	4,482,030
	2011	4,535,000	4.30%	2,324,055	6,859,055
	2012	4,725,000	4.50%	2,129,050	6,854,050
	2013	4,935,000	5.00%	1,916,425	6,851,425
	2014	5,180,000	5.00%	1,669,675	6,849,675
	2015	6,880,000	5.13%	1,410,675	8,290,675
	2016	7,225,000	5.00%	1,058,075	8,283,075
	2017	7,575,000	4.50%	696,825	8,271,825
	2018	7,910,000	4.50%	355,950	8,265,950
Outstanding		\$ 57,425,000		\$ 34,494,200	\$ 91,919,200
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) \$49,55,000 Refunding (Not Advance Refundable) \$9,705,000				

Volusia County, Florida
Sales Tax Program
As of September 30, 2002

Series Type	Sales Tax Improvement Revenue Bonds, Series 1994				
Dated Date	1-Jun-94				
Original Par	\$ 17,625,000				
Current Par	\$ 1,875,000				
	Maturity 1-Oct	Principal	Coupon	Interest	Total Debt Service
	2002	735,000	4.85%	76,893	811,893
	2003	770,000	4.95%	39,259	809,259
	2004	60,000	5.05%	18,271	78,271
	2005	60,000	5.25%	15,151	75,151
	2006	65,000	5.38%	11,829	76,829
	2007	185,000	5.45%	5,041	190,041
Outstanding		\$ 1,875,000		\$ 166,444	\$ 2,041,444
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	N/A				
Refunding Status	Advance Refundable				

Volusia County, Florida
Sales Tax Program
As of September 30, 2002

Series Type	Sales Tax Improvement Refunding Revenue Bonds Series 1993				
Dated Date	15-Aug-93				
Original Par	\$ 9,905,000				
Current Par	\$ 8,270,000				
	Maturity 1-Oct	Principal	Coupon	Interest	Total Debt Service
	2002	240,000	4.60%	433,424	673,424
	2003	250,000	4.70%	422,384	672,384
	2004	265,000	4.80%	410,634	675,634
	2005	280,000	4.90%	397,914	677,914
	2006	295,000	5.00%	384,194	679,194
	2007	310,000	5.10%	369,444	679,444
	2008	325,000	5.25%	353,634	678,634
	2009	345,000	5.25%	336,571	681,571
	2010	365,000	5.25%	318,459	683,459
	2011	380,000	5.25%	299,296	679,296
	2012	405,000	5.30%	279,346	684,346
	2013	425,000	5.30%	257,881	682,881
	2014	450,000	5.30%	235,356	685,356
	2015	470,000	5.38%	211,506	681,506
	2016	505,000	5.38%	186,244	691,244
	2017	525,000	5.38%	159,100	684,100
	2018	560,000	5.38%	130,881	690,881
	2019	590,000	5.38%	100,781	690,781
	2020	625,000	5.38%	69,069	694,069
	2021	660,000	5.38%	35,475	695,475
Outstanding		\$ 8,270,000		\$ 5,391,593	\$ 13,661,593
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 the County's outstanding Sales Tax Improvement Revenue Bonds, Series 1991.				
Revenue Pledged	Local Government Half Cent Sales Tax				
Refunded By	N/A				
Refunding Status	Not Advance Refundable				

Volusia County, Florida
Tourist Development Tax
As of September 30, 2002

Series Type	Tourist Development Tax Refunding Revenue Bonds, Series 1993				
Dated Date	4-Mar-93				
Original Par	\$ 33,530,000				
Current Par	\$ 23,160,000				
	Maturity 1-Oct	Principal	Coupon	Interest	Total Debt Service
	2002	1,445,000	4.70%	1,184,240	2,629,240
	2003	1,515,000	4.80%	1,116,325	2,631,325
	2004	1,590,000	4.90%	1,043,605	2,633,605
	2005	1,670,000	5.00%	965,695	2,635,695
	2006	1,755,000	5.00%	882,195	2,637,195
	2007	1,845,000	5.10%	794,445	2,639,445
	2008	1,945,000	5.25%	700,350	2,645,350
	2009	2,045,000	5.25%	598,238	2,643,238
	2010	2,155,000	5.25%	490,875	2,645,875
	2011	2,275,000	5.25%	377,738	2,652,738
	2012	2,395,000	5.25%	258,300	2,653,300
	2013	2,525,000	5.25%	132,563	2,657,563
Outstanding		\$ 23,160,000		\$ 8,544,569	\$ 31,704,569
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 Operations.				
Refunded By	N/A				
Refunding Status	Currently callable				

Volusia County, Florida
Voted 9th Cent Gas Tax
As of September 30, 2002

Series Type	Voted 9th Cent Gas Tax Revenue Bonds, Series 1992				
Dated Date	15-Sep-92				
Original Par	\$ 5,640,000				
Current Par	\$ 1,480,000				
	Maturity 1-Oct	Principal	Coupon	Interest	Total Debt Service
	2002	480,000	6.30%	103,460	583,460
	2003	480,000	6.40%	73,220	553,220
	2004	425,000	5.00%	42,500	467,500
	2005	95,000	5.00%	21,250	116,250
Outstanding		\$ 1,480,000		\$ 240,430	\$ 1,720,430
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, 2002

Series Type	Guaranteed Entitlement Revenue Bonds, Series 1994				
Dated Date	1-May-94				
Original Par	\$ 14,280,000				
Current Par	\$ 5,040,000				
	Maturity 1-Oct	Principal	Coupon	Interest	Total Debt Service
	2002	1,590,000	4.88%	248,333	1,838,333
	2003	1,680,000	4.90%	170,820	1,850,820
	2004	1,770,000	5.00%	88,500	1,858,500
Outstanding		\$ 5,040,000		\$ 507,653	\$ 5,547,653
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, 2002

Series Type	Special Assessment Improvement Bonds, Series 1995 (Bethune Beach Wastewater Project)				
Dated Date	15-Apr-95				
Original Par	\$ 2,735,000				
Current Par	\$ 540,000				
	Maturity 1-Jul	Principal	Coupon	Interest	Total Debt Service
	2003	265,000	6.875%	37,125	302,125
	2004	275,000	6.875%	18,906	293,906
Outstanding		\$ 540,000		\$ 56,031	\$ 596,031
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	Non-callable				

Volusia County, Florida
 Airport System Program
 As of September 30, 2002

Series Type	Airport System Revenue Refunding Bonds, Series 1993				
Dated Date	1-Aug-93				
Original Par	\$ 13,365,000				
Current Par	\$ 11,335,000				
	Maturity 1-Oct	Principal	Coupon	Interest	Total Debt Service
	2002	330,000	5.00%	624,488	954,488
	2003	350,000	5.00%	607,988	957,988
	2004	365,000	5.10%	590,488	955,488
	2005	380,000	5.20%	571,873	951,873
	2006	400,000	5.30%	552,113	952,113
	2007	425,000	5.35%	530,913	955,913
	2008	450,000	5.40%	508,175	958,175
	2009	475,000	5.45%	483,875	958,875
	2010	495,000	5.50%	457,988	952,988
	2011	525,000	5.55%	430,763	955,763
	2012	555,000	5.63%	401,625	956,625
	2013	580,000	5.63%	370,406	950,406
	2014	615,000	5.63%	337,781	952,781
	2015	650,000	5.63%	303,188	953,188
	2016	685,000	5.63%	266,625	951,625
	2017	725,000	5.63%	228,094	953,094
	2018	765,000	5.63%	187,313	952,313
	2019	805,000	5.63%	144,281	949,281
	2020	855,000	5.63%	99,000	954,000
	2021	905,000	5.63%	50,906	955,906
Outstanding		\$ 11,335,000		\$ 7,747,883	\$ 19,082,883
Call	October 1, 2003 through September 30, 2004 @ 102%				
	October 1, 2004 through September 30, 2005 @ 101%				
Schedule	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	N/A				
Refunding Status	Not Advance Refundable				

Volusia County, Florida
 Airport System Program
 As of September 30, 2002

Series Type	Airport System Revenue Refunding Bonds, Series 2000 – AMT				
Dated Date	1-Aug-00				
Original Par	\$ 30,795,000				
Current Par	\$ 30,090,000				
	Maturity 1-Oct	Principal	Coupon	Interest	Total Debt Service
	2002	750,000	6.45%	2,091,470	2,841,470
	2003	790,000	6.55%	2,043,095	2,833,095
	2004	845,000	6.65%	1,991,350	2,836,350
	2005	905,000	6.75%	1,935,158	2,840,158
	2006	965,000	6.80%	1,874,070	2,839,070
	2007	1,025,000	7.00%	1,808,450	2,833,450
	2008	1,100,000	7.00%	1,736,700	2,836,700
	2009	1,175,000	7.00%	1,659,700	2,834,700
	2010	1,260,000	7.00%	1,577,450	2,837,450
	2011	1,350,000	7.00%	1,489,250	2,839,250
	2012	1,440,000	7.00%	1,394,750	2,834,750
	2013	1,545,000	7.00%	1,293,950	2,838,950
	2014	1,650,000	7.00%	1,185,800	2,835,800
	2015	1,765,000	7.00%	1,070,300	2,835,300
	2016	1,890,000	7.00%	946,750	2,836,750
	2017	2,025,000	7.00%	814,450	2,839,450
	2018	2,165,000	7.00%	672,700	2,837,700
	2019	2,320,000	7.00%	521,150	2,841,150
	2020	2,475,000	7.00%	358,750	2,833,750
	2021	2,650,000	7.00%	185,500	2,835,500
Outstanding		\$ 30,090,000		\$ 26,650,793	\$ 56,740,793
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
Water and Sewer Revenue Program
As of September 30, 2002

Series Type	Water and Sewer Refunding Revenue Bonds, Series 1998				
Dated Date	1-Jul-98				
Original Par	\$ 5,085,000				
Current Par	\$ 4,290,000				
	Maturity 1-Oct	Principal	Coupon	Interest	Total Debt Service
	2002	305,000	4.00%	185,216	490,216
	2003	315,000	4.00%	173,016	488,016
	2004	335,000	4.00%	160,416	495,416
	2005	340,000	4.10%	147,016	487,016
	2006	355,000	4.15%	133,076	488,076
	2007	380,000	4.20%	118,344	498,344
	2008	390,000	4.25%	102,384	492,384
	2009	410,000	4.35%	85,809	495,809
	2010	425,000	4.40%	67,974	492,974
	2011	155,000	4.60%	49,274	204,274
	2012	160,000	4.70%	42,144	202,144
	2013	165,000	4.75%	34,624	199,624
	2014	175,000	4.80%	26,786	201,786
	2015	185,000	4.80%	18,386	203,386
	2016	195,000	4.88%	9,506	204,506
Outstanding		\$ 4,290,000		\$ 1,353,971	\$ 5,643,971
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, 2002

Series Type	Water and Sewer Revenue Refunding and Improvement Bonds, Series 1993				
Dated Date	1-Dec-93				
Original Par	\$ 7,470,000				
Current Par	\$ 6,805,000				
	Maturity 1-Oct	Principal	Coupon	Interest	Total Debt Service
	2002	110,000	4.50%	350,958	460,958
	2003	115,000	4.60%	346,008	461,008
	2004	115,000	4.75%	340,718	455,718
	2005	125,000	4.80%	335,255	460,255
	2006	130,000	5.00%	329,255	459,255
	2007	130,000	5.00%	322,755	452,755
	2008	140,000	5.00%	316,255	456,255
	2009	145,000	5.10%	309,255	454,255
	2010	155,000	5.10%	301,860	456,860
	2011	450,000	5.10%	293,955	743,955
	2012	475,000	5.10%	271,005	746,005
	2013	505,000	5.10%	246,780	751,780
	2014	525,000	5.25%	221,025	746,025
	2015	555,000	5.25%	193,463	748,463
	2016	580,000	5.25%	164,325	744,325
	2017	805,000	5.25%	133,875	938,875
	2018	850,000	5.25%	91,613	941,613
	2019	895,000	5.25%	46,988	941,988
Outstanding		\$ 6,805,000		\$ 4,615,348	\$ 11,420,348
Call	October 1, 2003 through September 30, 2004 @102%				
Schedule	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	N/A				
Refunding Status	New money portion advance refundable - \$3,310,000 Refunding not advance refundable - \$4,160,000				

BOND CALL SCHEDULES

FY 2002
Voted 9 th Cent Gas Tax Revenue Bonds, Series 1992 @100%
FY 2003
Guaranteed Entitlement Revenue Bonds, Series 1994 @101%
Sales Tax Improvement Refunding Revenue Bonds, Series 1994 @102%
Tourist Development Tax Refunding Revenue Bonds, Series 1993 @101%
FY 2004
Tourist Development Tax Refunding Revenue Bonds, Series 1993 @100%
Airport System Revenue Refunding Bonds, Series 1993 @102%
Sales Tax Improvement Refunding Revenue Bonds, Series 1993 @102%
Water and Sewer Revenue Refunding and Improvement Bonds, Series 1993 @ 102%
Sales Tax Improvement Refunding Revenue Bonds, Series 1994 @101%
Guaranteed Entitlement Revenue Bonds, Series 1994 @100%
FY 2005
Sales Tax Improvement Refunding Revenue Bonds, Series 1994 @ 100%
Sales Tax Improvement Refunding Revenue Bonds, Series 1993 @101%
Airport System Revenue Refunding Bonds, Series 1993 @101%
Water and Sewer Revenue Refunding and Improvement Bonds, Series 1993 @101%
FY 2006
Sales Tax Improvement Refunding Revenue Bonds, Series 1993 @100%
Airport System Revenue Refunding Bonds, Series 1993 @100%
Water and Sewer Revenue Refunding and Improvement Bonds, Series 1993 @100%
FY 2007
None
FY 2008
None
FY 2009
Subordinate Lien Sales Tax Improvement Revenue Bonds, Series 1998 @101%
Water and Sewer Refunding Revenue Bonds, Series 1998 @101%

BOND CALL SCHEDULES (CONT'D)

FY 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 2011
Subordinate Lien Sales Tax Improvement Revenue Bonds, Series 2001A @100%

DEBT CAPACITY
Fiscal Year Ending September 30, 2002

Description	Local Government Half-Cent Sales Tax	Guaranteed Entitlement State Revenue Sharing	Tourist Development Tax
FY 9/30/02 Revenues	\$ 17,257,336	\$ 6,675,161	\$ 4,723,527
Revenue Reserved to Pay Max. Annual Debt Service w/Coverage	1.35x \$ 12,783,212	1.1x \$ 6,068,328	1.4x \$ 3,373,947
Total Max. Annual Debt Service	\$ 8,835,851	\$ 1,858,500	\$ 2,657,563
Available Revenue to Pay Debt Service	\$ 3,947,361	\$ 4,209,828	\$ 716,384
Estimated Debt Capacity	\$75M	\$75M	\$15M
Projected Financing Term ⁽¹⁾	23 YEARS	20 YEARS	16 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 Local Government Half-Cent Sales Tax revenue is distributed to the County by the State of Florida. A portion of this revenue is pledged as security for the Sales Tax Improvement Revenue Bonds, Series 2001A, 2001B, 1998, 1994 and 1993. The major portion of the proceeds generated from these bonds was used for capital construction and improvements. All remaining sales tax revenues are expended as part of the normal ongoing operations of the County. However, approximately \$3.9 million is bondable revenue, which could be designated to pay debt service on a bond issue of \$75 million.

Guaranteed Entitlement State Revenue Sharing dollars are generated from taxes on cigarettes and certain taxes on intangible personal property and, by statute, are shared with the local governments. A portion of the County's allocation is used to pay debt service on the Guaranteed Entitlement State Revenue Bonds, Series 1994. The bonds were issued to acquire, construct and install an 800 MHz radio system; the debt will be retired in October of 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 \$4.2 million is bondable revenue which could be designated to pay debt service on a bond issue of \$75 million.

In 1978, the voters of Volusia County approved a Tourist Development Plan and levied a County-wide two percent Tourist Development Tax (TDT) to fund the construction and operation of the Ocean Center. A portion of this tax is pledged as debt service on the Tourist Development Tax Refunding Revenue Bonds, Series 1993. All remaining TDT revenues are used for operations and maintenance of the Ocean Center. Additional capacity is created by restructuring and extending the final maturity.

The County's bonded debt continues to be "self supporting" in that enterprise revenues and ad valorem taxes adequately cover debt service on these bonds. The County is in compliance with all bond covenants and coverage requirements and maintains its planned approach to the management of debt.

(1) The term of the financing was shortened, due to the limited capacity to pay interest.

DEBT RATIOS COMPARISON
FISCAL YEAR ENDING SEPTEMBER 30, 2002

	Volusia	Brevard⁽¹⁾	Lee	Sarasota	Seminole⁽²⁾
Population	459,569	485,178	492,165	339,684	369,300
Taxable Assessed Property Value (000's)	\$ 24,040,798	\$ 18,316,371	\$ 31,900,000	\$ 29,899,430	\$15,399,365
General Obligation Debt	0	\$ 99,316,371	0	8,020,000	\$14,630,000
General Obligation Debt per Capita	0	\$ 205.70	0	23.61	\$39.62
General Obligation Debt as % of Taxable Value	0	.54	0	.027	.10
Non-Self Supporting Revenue Debt ⁽³⁾	\$ 133,515,000	\$ 127,442,226	\$ 243,313,000	\$ 59,235,000	\$ 45,960,000
Non-Self Supporting Revenue Debt Per Capita	\$ 290.52	\$ 262.67	\$ 555.33	\$ 174.38	\$124.45
Non-Self Supporting Revenue Debt as a % of Taxable Value	.55%	.70%	0.76%	.198%	.30%
Direct Debt	\$141,992,492	\$ 227,242,226	\$ 243,313,000	\$ 67,255,000	\$60,590,000
Direct Debt Per Capita	\$308.96	\$ 468.37	\$555.33	\$197.99	\$164.07
Direct Debt as % of Taxable Value	.59%	1.24%	0.76%	.23%	.39%
Self-Supporting Debt	\$ 52,520,000	\$ 107,515,000	\$ 874,720,000	\$ 336,695,000	\$ 106,145,000

⁽¹⁾ As of July 31, 2002

⁽²⁾ FY Ending September 30,2001

⁽³⁾ Defined as Non-GO, Non-Enterprise Fund, revenue-supported, governmental debt

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.

DEFEASED DEBT

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. At September 30, 2002, \$22,505,000 of bonds outstanding are considered defeased and were comprised of the following:

Sales Tax Improvement Revenue Bonds, Series 1994 (defeased 7/2/01)	\$ 2,760,000
Sales Tax Improvement Revenue Bonds, Series 1996 (defeased 10/14/98)	11,425,000
Limited Tax General Obligation Bonds, Series 1992 (defeased 7/30/02)	<u>8,320,000</u>
Total	<u>\$ 22,505,000</u>

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 First Union 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 2001-2002 ranged from 1.41% to 2.39 %. The average fees charged on the loans is .61 basis points, or .61 percent.

<u>Loan</u>	<u>Balance</u>
2000 - Sheriff's Boat, Sheriff's Vehicles, Computer Equipment	836,000
2000 - Solid Waste Cell	2,720,000
2001 - Sheriff's Vehicles, Emergency Generators, Summit Plastics Renovation	2,660,000
2002 - Sheriff's Vehicles, Computer Equipment	<u>3,430,000</u>
Total	<u>\$9,646,000</u>

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%.

<u>Loan</u>	<u>Balance</u>
SE Wastewater Facilities	\$7,606,753
Deltona North Water Reclamation Facility	1,416,560
SW Regional Water Reclamation Facility	<u>2,739,633</u>
Total	<u>\$11,762,946</u>

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 construct a runway. Loan repayment is not due until 10 years after project completion.

<u>Loan</u>	<u>Balance</u>
Bank of America Leasing- Sheriff's Helicopters	3,078,343
Airport Land Acquisition	<u>4,202,025</u>
Total	<u>\$7,280,368</u>

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, 2002

<u>Issue Date</u>	<u>Name and Brief Details</u>	<u>Interest Rates</u>	<u>Principal</u>	<u>Pay Dates & Original Maturity</u>	<u>Pledge</u>
6/1/01	Subordinate Lien Sales Tax Refunding Revenue Bonds, Series 2001A <i>To refund a portion of the outstanding Sale Tax Improvement Revenue Bonds, Series 1994. The portion refunded includes most of the maturities from 10/01/04 to 10/01/07 and the entire portion of the maturities from 10/01/08.</i>	5.000 - 4.000	\$11,930,000	10/1 & 4/1 - 2014	Local Government Half Cent Sales Tax
8/1/00	Airport System Revenue Refunding Bonds, Series 2000 <i>To refund the outstanding Airport System Revenue Bonds, Series 1991, maturing on/after 10/01/2001.</i>	7.000 - 6.350	\$30,795,000	10/1 & 4/1 - 2021	Net revenues derived from system operations
9/1/98	Subordinate Lien Sales Tax Improvement Revenue Bonds, Series 1998 <i>To refund the Series 1996 bond issue and to finance construction of the West Volusia Courthouse and misc projects.</i>	5.125 - 4.000	\$59,250,000	10/1 & 4/1 - 2018	Local Government Half Cent Sales Tax
7/1/98	Water and Sewer Refunding Revenue Bonds, Series 1998 <i>To refund the remaining portion of the Water and Sewer Bonds, Series 1989.</i>	4.875 - 4.000	\$5,085,000	10/1 & 4/1 - 2016	Net revenues derived from operations, connection fees and investment income
10/1/96	Sales Tax Improvement Revenue Bonds, Series 1996 <i>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.</i>	5.500 - 3.600	\$10,000,000	10/1 & 4/1 - 2016	Local Government Half Cent Sales Tax
4/15/95	Special Assessment Improvement Bonds, Series 1995 <i>To finance the Bethune Beach Wastewater Project.</i>	6.875 - 6.000	\$2,735,000	01/01 & 07/01 - 2005	Proceeds of Assessments levied and collected against properties benefited by the project.
6/1/94	Sales Tax Improvement Revenue Bonds, Series 1994 <i>To finance construction of 2 regional libraries, acquire beach-front property, Gemini Springs, renovate DeLand Courthouse and other projects.</i>	5.750 - 4.000	\$17,625,000	10/1 & 4/1 - 2014	Local Government Half Cent Sales Tax
5/1/94	Guaranteed Entitlement Revenue Bonds, Series 1994 <i>To finance the acquisition and construction of an 800 MHz communications system.</i>	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 intangible personal property, and (2) a \$12.50 surcharge on Moving Violations
12/1/93	Water and Sewer Revenue Refunding and Improvement Bonds, Series 1993 <i>To refund a portion of the 1989 bond issue and finance the acquisition and construction of certain system capital improvements.</i>	5.250 - 2.600	\$7,470,000	10/1 & 4/1 - 2019	Net revenues derived from system operations and up to \$1 Million of Public Service Taxes
8/15/93	Sales Tax Refunding Revenue Bonds, Series 1993 <i>To refund the 1991 bond issue.</i>	5.375 - 2.600	\$9,905,000	10/1 & 4/1 - 2021	Local Government Half Cent Sales Tax
8/1/93	Airport System Revenue Refunding Bonds, Series 1993 <i>To refund a portion of the 1991 bond issue.</i>	5.650 - 2.700	\$13,365,000	10/1 & 4/1 - 2021	Net revenues derived from system operations
3/4/93	Tourist Development Tax Refunding Revenue Bonds, Series 1993 <i>To refund the 1986 bond issue.</i>	5.250 - 2.500	\$33,530,000	12/1 & 6/1 - 2013	Local Option Tourist Development Tax
9/15/92	Gas Tax Revenue Bonds, Series 1992 <i>To finance construction of the East Coast</i>	6.400 - 4.000	\$5,640,000	12/1 & 6/1 - 2005	Ninth Cent Voted Gas Tax

County of Volusia
History of Bond Issues
As of September 30, 2002

<u>Issue Date</u>	<u>Name and Brief Details</u>	<u>Interest Rates</u>	<u>Principal</u>	<u>Pay Dates & Original Maturity</u>	<u>Pledge</u>
	<i>Beltline from Beville to Taylor Rd.</i>				
1/15/92	Limited Tax General Obligation Refunding Bonds, Series 1992 <i>To refund the Starke Bonds and the 1988 Limited G.O. Issue.</i>	5.875 - 3.000	\$18,805,000	7/1 & 1/1 - 2004	County-Wide Ad Valorem Tax Levy
1/1/92	Sales Tax Refunding Revenue Bonds, Series 1991A <i>To refund the 1986A, B and C bond issues.</i>	6.400 - 4.000	\$37,170,000	10/1 & 4/1 - 2010	Local Government Half Cent Sales Tax
9/1/91	Sales Tax Improvement Revenue Bonds, Series 1991 <i>To complete financing of Justice Center, acquire 250 N Beach St and several other projects.</i>	6.750 - 6.000	\$8,980,000	10/1 & 4/1 - 2021	Local Government Half Cent Sales Tax
5/15/91	Airport System Revenue Bonds <i>To finance construction of new airport terminal facility and related improvements.</i>	7.000 - 5.700	\$46,030,000	10/1 & 4/1 - 2021	Net revenues derived from system operations
8/1/89	Water & Sewer Revenue Bonds, Series 1989 <i>To refund the 1986 issue and provide financing for acquisition and construction of water and sewer facilities.</i>	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
3/23/89	Service Fee Limited Revenue Bonds <i>To acquire the Justice Center site</i> <i>NOTE: Actual payments were made as early as possible with final payment 04/15/2001.</i>	8.00	\$1,839,335	10/15 & 4/15 - 2009	Court Facility Fees
6/1/88	Limited Tax General Obligation Bonds <i>To finance the balance of the Endangered Lands Acquisition Program.</i>	7.900 - 7.000	\$16.5 Million	7/1 & 1/1 - 2017	County-Wide Ad Valorem Tax Levy
11/30/87	Starke General Obligation Bonds <i>To purchase endangered land known as Starke Tract. (Blue Springs area)</i>	9.875	\$3.5 Million	Interest @ Mo - 1998	County-Wide Ad Valorem Tax Levy
10/1/86	Tourist Development Tax Refunding Revenue Bonds, Series 1986 <i>To refund the 1983 bond issue.</i>	7.250 - 4.250	\$32,755,000	12/1 & 6/1 - 2014	Local Option Tourist Development Tax
8/25/86	Water & Sewer Revenue Bonds <i>To acquire several small water systems in southwest part of county.</i>	9.04	\$2,203,596	8/25 & 2/25 - 2016	Net revenues derived from system operations
8/1/86	West Volusia Library District General Obligation Bonds <i>To finance construction of the West Volusia Regional Library.</i>	7.400 - 7.000	\$2 Million	12/1 & 6/1 - 1996	Ad Valorem Taxes levied in district
8/1/86	Sales Tax Improvement Revenue Bonds, Series 1986C <i>To finance construction of Justice Center.</i>	7.750 - 4.250	\$6 Million	10/1 & 4/1 - 2011	Local Government Half Cent Sales Tax
8/1/86	Sales Tax Improvement Revenue Bonds, Series 1986B <i>To finance construction of several projects including Public Safety Facility, Vehicle Maint. Facility, portion of DeLand Admin Center.</i>	7.750 - 4.250	\$12 Million	10/1 & 4/1 - 2011	Local Government Half Cent Sales Tax
7/1/86	Sales Tax Refunding Revenue Bonds, Series 1986A <i>To refund the 1983 bond issue.</i>	7.750 - 4.500	\$22.5 Million	10/1 & 4/1 - 2011	Local Government Half Cent Sales Tax
8/1/83	Tourist Development Tax and Civic Center Facilities Revenue Bonds	9.500 - 8.900	\$29 Million	12/1 & 6/1 - 2014	Local Option Tourist Development Tax

County of Volusia
History of Bond Issues
As of September 30, 2002

<u>Issue Date</u>	<u>Name and Brief Details</u>	<u>Interest Rates</u>	<u>Principal</u>	<u>Pay Dates & Original Maturity</u>	<u>Pledge</u>
	<i>To finance construction of the Ocean Center.</i>				
6/1/83	Sales Tax Improvement Revenue Bonds <i>To finance construction of the Branch Jail.</i>	10.375 - 8.500	\$21 Million	1/1 & 7/1 - 2004	Local Government Half Cent Sales Tax

CONDUIT DEBT OBLIGATIONS¹

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.

A summary of outstanding issues at September 30, 2002 is comprised of the following:

ENTITY	NUMBER OF SERIES OUTSTANDING	ORIGINAL ISSUED	AGGREGATE PRINCIPAL OUTSTANDING
Community Development Properties, Volusia, Inc.	2	\$ 13,435,000	\$ 12,905,000
Volusia County Health Facilities Authority	6	352,810,000	184,625,000
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	157,075,000

(1) Information not available from individual entities.

¹ Source: County of Volusia CAFR, Fiscal Year Ended September 30, 2002

VOLUSIA COUNTY CONDUIT BOND HISTORY
SORTED BY FISCAL YEAR

COUNCIL DATE	ISSUING AUTHORITY	PURPOSE	AMOUNT	RESOLUTION NO.
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	Multi-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 Bonds/The Evangelical Lutheran Good Samaritan Society (Florida Lutheran Retirement Center) SSC-00-025	Not to exceed \$600,000	2000-253
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 &	Not to Exceed	2000-173

		Flagler Counties, Inc. Project), Series 2000 SSC-00-010	\$2,500,000	
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, 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%).

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.

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.

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.

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

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

Defeasement. 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 fully to pay all amounts under a bond contract as they become due.

Direct Debt. The debt which a government has incurred in its own name.

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. (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.

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.

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

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.

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

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

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. 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.

Revenue Bonds. Bonds whose principal and interest are payable exclusively from earnings of an Enterprise Fund.

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.

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