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Report of Independent Accountants

February 3, 1999

The Honorable County Council Members
County of Volusia, Florida

We have audited the accompanying general-purpose financial statements of the County of Volusia, Florida, as of and for the year ended September 30, 1998, as listed in the table of contents. These general-purpose financial statements are the responsibility of the County of Volusia, Florida's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures About Year 2000 Issues*, requires disclosure of certain matters regarding the Year 2000 issue. The County of Volusia, Florida has included such disclosures in Note 13. Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the Year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support the County of Volusia, Florida's disclosures with respect to the Year 2000 issue made in Note 13. Further, we do not provide assurance that the County of Volusia, Florida is or will be Year 2000 ready, that the County of Volusia, Florida's Year 2000 remediation efforts will be successful in whole or in part, or that parties with which the County of Volusia, Florida does business will be Year 2000 ready.

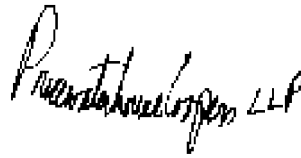
In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding Year 2000 disclosures, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the County of Volusia, Florida, as of September 30, 1998, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust fund for the year then ended in conformity with generally accepted accounting principles.

As described in Note 21 to the general-purpose financial statements, the County of Volusia, Florida adopted Governmental Accounting Standards Board Statement #32 which changed its method of accounting and reporting for the deferred compensation fund.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 3, 1999 on our consideration of the County of Volusia, Florida's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements of the County of Volusia, Florida. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general-purpose financial statements taken as a whole.

The information presented in the Statistical Section is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, accordingly, we express no opinion on it.

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