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COUNTY OF VOLUSIA, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2001

NOTE 1.
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the County of Volusia, Florida have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. For the reporting year, the County elected early implementation of GASB Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.* Significant County accounting policies are described below.

A. REPORTING ENTITY

The County of Volusia, Florida, is a Home Rule Charter County as provided for by Section 125.60 of the Florida Statutes. The County operates under a Council/Manager form of government and provides various services to its more than 452,000 residents including public safety, transportation, health and social services, culture/recreation, planning, zoning, and other community enrichment and development services.

The legislative branch of the Charter government is composed of a seven-member, elected Council. The establishment and adoption of policy is the responsibility of the County Council, and the execution of such policy is the responsibility of the Council-appointed County Manager.

In addition to the elected County Council, the Charter provides for an elected Sheriff, Property Appraiser, and Supervisor of Elections to serve as department directors. The duties of the Tax Collector are included in the responsibilities of the Financial and Administrative Services Department. The elected Clerk of the Circuit Court is excluded from the activities of the County and maintains separate accounting records and budgets.

The accompanying financial statements present the primary government, and it's component units, for which the primary government is considered to be financially accountable. Also included are other entities for which the nature and significance of their relationship with the primary government are such that exclusion could cause the County's financial statements to be misleading or incomplete.

1. Discretely Presented Component Units

The component unit column in the government-wide financial statements includes the financial data of the County's component units. They are included because, if excluded, the County's financial statements would be misleading. They are reported in a separate column in the government-wide financial statements to emphasize their legal separation from the County. The following component units are included in the statements:

Clerk of the Circuit Court – The Volusia County Clerk of the Circuit Court is responsible for the operations of the Clerk's Office, which provides support to the justice system within the County. The Clerk of the Circuit Court is elected by the voters and is a separate legal entity under the Volusia County Home Rule Charter. The Clerk of the Circuit Court is included as a component unit because its exclusion from the financial reporting entity would render the County's financial statements misleading.
(Constitution of the State of Florida, Article VIII, Section 1(d).; Volusia County Home Rule Charter, Article V.)

Volusia County Law Library – The Volusia County Law Library is a public corporation responsible for providing three centralized and consolidated law libraries for the County. A Board of Trustees manages the Law Library. However, the Law Library is included as a component unit because its exclusion would render the County's financial statements misleading. *(Special Acts, Chapter 69-1706; Volusia County Code of Ordinances, Section 214-61.)*

Emergency Medical Foundation, Inc. – Emergency Medical Foundation, Inc., is a not-for-profit corporation created to provide emergency medical care and transportation services within Volusia County. The foundation is managed by a Board of Directors, but is included as a component unit because its exclusion from the financial reporting entity would render the County's financial statements misleading. *(Florida Statutes, Chapter 401; by-laws of the Emergency Medical Foundation, Inc.)*

Each discretely presented component unit issues separate financial statements and has a September 30 fiscal year end. Complete financial statements of the individual component units can be obtained from their respective administrative offices:

Volusia County Clerk of the Circuit Court
101 North Alabama Avenue
DeLand, FL 32720

Volusia County Law Library
125 East Orange Avenue, Room 208
Daytona Beach, FL 32114

Emergency Medical Foundation, Inc.
P. O. Box 6045
Daytona Beach, FL 32122

2. Related Organizations

The County is responsible for appointing members of boards to other organizations, but is not accountable for these organizations. The following related organizations are not included in the reporting entity:

- Volusia County Health Facilities Authority
- Housing Finance Authority of Volusia County
- Volusia County Industrial Development Authority
- Volusia County Educational Facilities Authority

3. Dependent Special Districts

Included within the financial report are the East Volusia Transportation District, Ponce Inlet and Port Authority, Growth Management Commission, West Volusia Library District, and Volusia County Fire District. These dependent special districts are special-purpose-taxing units within a limited boundary, created and governed by the County Council.

4. Jointly Governed Organizations

The County, in conjunction with all municipalities within the County, has created the Volusian Water Alliance, whose purpose is to protect the area's future water supply. The Volusian Water Alliance is composed of one member from the governing board of each of the municipalities and the County. In fiscal year 2001, the County contributed $42,060 towards funding the alliance's operations.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities,* which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary* *government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

1. Government-wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and pension and private-purpose trust funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

2. Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

Property taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The County reports the following major governmental funds:

- The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

- The *Municipal Service District Fund* accounts for the fiscal activity relating to the municipal type services of zoning, development engineering, planning, sheriff's services, parks and recreation, stormwater management, and animal control for the unincorporated areas of the County.

- The *Federal and State Grants Fund* accounts for the fiscal activity relating to funds received from various federal and state grant programs.

The County reports the following major proprietary funds:

- The *Garbage Collection Fund* accounts for the fiscal activities of garbage collection within the unincorporated areas of the County.

- The *Refuse Disposal Fund* accounts for the fiscal activity of all solid waste disposal within the County.

- The *Daytona Beach International Airport Fund* accounts for the fiscal activity of the Daytona Beach International Airport.

- The *Volusia Transportation Authority Fund* accounts for the fiscal activity of the Votran bus system.

- The *Water and Sewer Utilities Fund* accounts for the fiscal activities of County-owned water and sewer plants and distribution and collection systems located primarily in unincorporated areas.

Additionally, the County reports the following fund types:

- *Special Revenue Funds* account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditure for specified purposes.

- *Debt Service Funds* account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

- *Capital Projects Funds* account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary and trust funds).

- *Internal Service Funds* account for reproduction services, computer replacement, vehicle maintenance, insurance, and employee group insurance services provided to other departments or agencies of the county, or to other governments, on a cost reimbursement basis.

- The *Private-Purpose Trust Fund* is used to account for the corrections commissary, the library endowment, and the flexible benefit programs. All resources of the funds, including any earnings on invested resources, may be used to support the activities.

- The *Volunteer Firefighters Pension Trust Fund* accounts for funds received from Fire Services to provide retirement benefits for volunteer firefighters.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Based on the accounting and reporting standards set forth in GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the County has opted to apply only the accounting and reporting pronouncements issued by the Financial Accounting Standards Board (FASB) on or before November 30, 1989 for business-type activities and enterprise funds.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds and of the County's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use unrestricted resources first, then restricted resources, as they are needed for their intended purposes.

D. RECEIVABLES AND PAYABLES

1. Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

2. Unbilled Service Receivables

Estimated unbilled revenues of the County's water and sewer system are recorded for services rendered, but not yet billed as of the end of the fiscal year. The receivable is estimated by prorating the number of days applicable to the cycle billing.

E. INVESTMENTS

Investments for the County are reported at fair value. The Local Government Surplus Funds Trust Fund that is administered by the State Board of Administration is a "2A-7 like" pool which has the characteristics of a money market fund. The reported value of the pool is the same as the fair value of the pool shares.

F. INVENTORIES AND PREPAID ITEMS

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund type inventories are recorded using the consumption method, that is, as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

G. RESTRICTED ASSETS

Certain proceeds of the County's revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the government-wide financial statements and proprietary type funds financial statements balance sheets because their use is limited by applicable bond covenants or laws/regulations imposed by other governmental agencies. The restricted assets are used to report resources set aside to:

- provide a reserve for debt service.
- provide a reserve for maintenance and operating expenses.
- acquire capital assets (land and equipment replacement).

H. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Property, plant, and equipment with initial, individual costs that equal or exceed $750 and estimated useful lives of over one year are recorded as capital assets. Roads, bridges, and sidewalks are capitalized when their initial costs equal or exceed $125,000 and possess estimated useful lives of more than one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

ASSETS	YEARS
Buildings	15 - 40
Improvements other than buildings	5 - 30
Infrastructure	15 - 50
Equipment	3 - 20

Pursuant to GASB Statement No. 34, an extended period of deferral (fiscal year beginning October 1, 2005) is available before the requirement to record and depreciate infrastructure assets acquired before the implementation date becomes effective. As a result, the governmental activities column in the government-wide financial statements do not reflect those infrastructure asset projects completed before October 1, 2000. However, they do reflect those assets that were either completed during the fiscal year or considered construction in progress at year-end. In addition, those infrastructure asset projects completed in fiscal year 2001 are considered completed on September 30, 2001, and, therefore, depreciation will not be reflected until fiscal year beginning October 1, 2001.

I. ALLOWANCE FOR DOUBTFUL ACCOUNTS

Accounts receivable have been reported net of the allowance for doubtful accounts. Accounts receivable in excess of 180 days comprises the allowance for uncollectibles. The allowance for doubtful accounts is as follows:

PRIMARY GOVERNMENT	
General Fund	$ 147,905
Special Revenue Funds	50,093
Enterprise Funds	307,268
Internal Service Funds	16,695
TOTAL PRIMARY GOVERNMENT	$ 521,961
COMPONENT UNIT	
Emergency Medical Foundation, Inc.	4,023,328
TOTAL REPORTING ENTITY	$ 4,545,289

J. COMPENSATED ABSENCES

County policy permits employees to accumulate a limited amount of earned, but unused personal, vacation, and sick leave. These benefits are payable to employees upon separation from service. All leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported. The computed liability is in compliance with GASB Statement No. 16, *Accounting for Compensated Absences.*

K. LONG-TERM OBLIGATIONS

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In accordance with GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*, the County has adopted the following policy for current refundings and advance refundings resulting in defeasance of debt reported in proprietary funds.

The difference between the reacquisition price and the net carrying amount of the old debt, as well as the related bond issuance costs, will be deferred and amortized in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. On the balance sheet, the deferred amount and bond issuance costs are reported as a deduction from or an addition to the new debt liability.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are Equity in Pooled Cash and Investments and all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased.

M. FUND BALANCE

In the governmental fund financial statements, fund balance consists of reserved and unreserved amounts. Reservations of fund balance represent that portion which is not appropriable for expenditure or is legally segregated for a specific future use. The remaining portion is unreserved.

Fund balance reservations include:

- Encumbrances – to reflect outstanding contractual obligations for goods and services which have not been received.
- Inventories – to reflect that inventory of consumable supplies does not represent available spendable resources.
- Advances – to reflect balances due from other funds that are long-term in nature and do not represent available spendable resources.
- Debt Service – to reflect resources legally restricted for the payment of long-term debt principal and interest amounts maturing in future years.

- Employee Receivables – to reflect balances due from employees that are long-term in nature and do not represent available spendable resources.

N. INTERFUND TRANSACTIONS

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it, that are properly applicable to another fund, are recorded as expenditures/ expenses in the reimbursing fund, and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

O. RECLASSIFICATIONS

Certain September 30, 2000 account balances have been reclassified in this report to conform with the financial statement presentation used in 2001.

NOTE 2. RESTATEMENT OF FUND BALANCES

For the year ending September 30, 2001, the County implemented GASB Statements No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* and No. 36, *Recipient Reporting for Certain Shared Nonexchange Revenues.* To comply with the requirements of these pronouncements, certain beginning fund balances were restated, as follows.

	Balance 09/30/00	Change	Restated Balance 09/30/00
General Fund	$20,867,774	$ 357,787	$ 21,225,561
County Transportation Trust	9,504,240	1,758,439	11,262,679
Convention Development Tax	1,505,914	313,354	1,819,268
E-911 Emergency Telephone System	803,131	111,491	914,622
Ocean Center	2,052,727	218,076	2,270,803
Municipal Service District	7,800,341	1,572,874	9,373,215
Total	**$42,534,127**	**$ 4,332,021**	**$ 46,866,148**

NOTE 3. BUDGETS AND BUDGETARY ACCOUNTING

COUNTY COUNCIL FUNDS

1. Not later than fifteen days after the certification of value by the Property Appraiser, the County Manager shall have prepared and submit to the County Council, a proposed budget estimate of the revenues and expenditures of all County divisions, departments, offices, agencies, and special and municipal taxing districts for the ensuing fiscal year. The proposed budget estimate of revenue shall include not less than 95 percent of all receipts reasonably to be anticipated from all sources.

2. Not earlier than sixty-five days nor later than eighty days after certification of value by the Property Appraiser, the County Council shall hold a public hearing on the tentative budget and proposed millage rates.

3. Public hearings are conducted and summary statements are available to obtain taxpayer comments pursuant to Chapters 129 and 200 of the Florida Statutes.

4. Prior to October 1, the budget is legally enacted.

5. It is unlawful to expend or transfer funds in any fiscal year more than the amount budgeted in each fund's budget pursuant to Volusia County Code of

Ordinances, Section 2-241(J), and Chapter 129.07 of the Florida Statutes.

6. Transfers of appropriations up to and including $25,000 among activities within a division need only the division director's or his or her designee's approval if the transfer is not between funds. Transfers over $25,000 will require the approval of the department director. Transfers between two divisions require the approval of both division directors, or the County Manager or Deputy County Manager. Transfers between funds require County Council approval. The Supervisor of Elections, Property Appraiser, Sheriff, Chief Judge, County Attorney, and Internal Auditor shall have the same transfer authority as the department directors for their budgets.

7. The County Council legally adopts budgets for the General, budgeted Special Revenue, and Debt Service funds. Formal budgetary integration is employed as a management control device during the year for all governmental fund types. Capital Projects funds adopt a project-length budget. Formal budgetary integration is not employed for Enterprise or Internal Service funds.

8. Budgets for the General, budgeted Special Revenue, and Debt Service funds are adopted on a basis consistent with generally accepted accounting principles. The Law/Beach Enforcement Trust and Federal Forfeiture Sharing Special Revenue funds are not budgeted.

9. Every appropriation shall lapse at the close of the fiscal year to the extent that it has not been carried forward. An appropriation for a capital program within the General or Special Revenue funds shall be rebudgeted on an annual basis until the purpose for which it was made has been accomplished or abandoned. The purpose of any appropriation shall be deemed abandoned if three years pass without any disbursement or encumbrance of the appropriation.

10. If during the fiscal year the County Manager certifies that there are available revenues for appropriations in excess of those estimated in the budget, the County Council may make supplemental appropriations for the year up to the amount of such excess revenues.

NOTE 4.
PROPERTY TAXES

The property tax calendar is as follows:

Valuation Date	January 1, 2000
Property Appraiser prepares the assessment roll with values as of January 1; submits preliminary roll for approval to the State and notifies each taxing authority of its respective valuations.	July 1, 2000
Each taxing authority holds two required public hearings and adopts a budget and ad valorem tax millage rate(s) for the coming fiscal year.	September 2000
Property Appraiser certifies the assessment roll and all real and tangible personal property taxes are due and payable. (Levy date)	November 1, 2000
A notice of taxes is mailed to each owner on the assessment roll. Taxes may be paid with the following applicable discounts:	November 1, 2000 through March 31, 2001

Month	Discount Percentage
November	4
December	3
January	2
February	1
March	0

All unpaid taxes on real and tangible personal property become delinquent.	April 1, 2001

A list of unpaid tangible personal property taxes and a list of unpaid real property taxes are advertised.	April 2001 and May 2001
Tax certificates are sold on all real estate parcels with unpaid real property taxes. (Lien date)	May 29, 2001 through June 1, 2001
A court order is obtained authorizing the seizure and sale of personal property if the taxpayer fails to pay the delinquent personal property taxes.	August 28, 2001

Collections of county, municipal, and independent taxing district taxes and remittances are accounted for in the Tax Collector's Transfer Fund (Agency Fund) prior to distribution to the various taxing authorities.

NOTE 5.
CASH AND INVESTMENTS

The County maintains a cash and investment pool that is used by all funds. This pool consists of a noninterest-bearing checking account, which is swept nightly into an overnight repurchase agreement, and a zero balance checking account. Each fund's portion of this pool is summarized by fund type in the combined balance sheet as "Equity in Pooled Cash and Investments." In addition, investments are separately held by several of the County's funds. Certain investments of the Daytona Beach International Airport, Refuse Disposal, Insurance, Debt Service, and Volunteer Firefighters Pension Trust funds are held separately from those of other County funds. As required under GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments are reported at fair value.

A. DEPOSITS

The entire amount of the bank balance of deposits is covered by federal depository insurance or collateral with the State of Florida under the Florida Security for Public Deposits Act.

The Florida Security for Public Deposits Act establishes guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements, and characteristics of eligible collateral. Under the Act, County deposits in qualified public depositories are totally insured. The qualified public depository must pledge at least 50 percent of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance. Additional collateral, up to a maximum of 125 percent, may be required, if deemed necessary under the conditions set forth in the Act. Obligations pledged to secure deposits must be delivered to the State Treasurer, or with the approval of the State Treasurer, to a bank, savings association, or trust company provided a power of attorney is delivered to the Treasurer.

B. INVESTMENTS

The County's investment policies are governed by state statutes and local resolution. Authorized investment instruments include: the Local Government Surplus Funds Trust Fund; Florida Counties Investment Trust; negotiable direct obligations which are unconditionally guaranteed by the United States Government; bonds, debentures, notes, or other indebtedness guaranteed by United States Government agencies; money market mutual funds regulated by the Securities and Exchange Commission; bankers acceptances; commercial paper; non-negotiable interest-bearing time certificates of deposit or saving accounts; repurchase agreements; and state and/or local government taxable and tax-exempt debt.

Additionally, the County may invest Volunteer Firefighters Pension funds in equities.

Investments during the fiscal year were in the same instruments as those held at the close of the fiscal year. County investment policies permitted the County to enter into reverse repurchase agreements, however, there were no such investments in fiscal year 2001.

The Local Government Surplus Funds Trust Fund that is administered by the State Board of Administration (SBA) is a "2A-7 like" pool which has the characteristics of a money market fund. Thus, its cost is its fair value.

The County's investments are categorized to give an indication of the level of risk assumed by the County at September 30, 2001. Category 1 includes investments that are insured or registered for which the securities are held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent, but not in the County's name.

Following is a summary of risk levels assumed by the County at September 30, 2001:

	CATEGORY			
TYPE OF INVESTMENT	**1**	**2**	**3**	**FAIR VALUE**
U. S. Treasury Notes	$ 4,143,217	$ -	$ -	$ 4,143,217
U. S. Agency Obligations	81,832,921	-	-	81,832,921
Equities	-	-	712,498	712,498
Repurchase Agreements	-	-	17,098,437	17,098,437
SUB-TOTAL	**85,976,138**	**-**	**17,810,935**	**103,787,073**
Mutual Funds				1,060,205
Local Government Surplus Funds Trust Fund Investment Pool (includes Volunteer Firefighters Pension Trust Fund)				71,856,327
TOTAL INVESTMENTS				**$ 176,703,605**

NOTE 6.
INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of September 30, 2001 is as follows:

PRIMARY GOVERNMENT FUND	DUE FROM OTHER FUNDS	ADVANCES TO OTHER FUNDS	DUE TO OTHER FUNDS	ADVANCES FROM OTHER FUNDS
GENERAL FUND	$ 2,615,581	$ -	$ -	$ -
SPECIAL REVENUE FUNDS:				
Convention Development Tax	-	-	5,809	-
Ponce Inlet Port Authority	148,278	$ 156,642	-	-
Ocean Center	-	-	425,470	-
Criminal Justice Reimbursement	-	-	40,507	-
Federal and State Grants	-	-	2,565,392	-
ENTERPRISE FUNDS:				
Daytona Beach International Airport	-	-	148,278	156,642
Water and Sewer Utilities	-	-	122,838	616,584
INTERNAL SERVICE FUNDS:				
Insurance	544,435	616,584	-	-
TOTAL PRIMARY GOVERNMENT	**$ 3,308,294**	**$ 773,226**	**$ 3,308,294**	**$ 773,226**

Three interfund loan agreements were outstanding at September 30, 2001: 1) loan from Ponce Inlet Port Authority to the Daytona Beach International Airport ($148,278 due within the next year, $156,642 due by September 30, 2003), 2) loan from Insurance to Water and Sewer Utilities ($122,838 due within the next year, $616,584 due by September 2006, 3) loan from Insurance to Ocean Center ($421,597 due within the next year). These loans provided funding for various construction projects.

All remaining interfund loans were used to cover deficits in cash balances at year end due to the timing of receiving accounts receivable collections, grant reimbursements, or loan proceeds.

Due to/from primary government and component units consist of the following:

	DUE FROM COMPONENT UNITS	DUE FROM PRIMARY GOVERNMENT	DUE TO COMPONENT UNITS	DUE TO PRIMARY GOVERNMENT
GENERAL FUND	$ 1,000,575	-	$ 131,433	$ -
SPECIAL REVENUE FUNDS:				
County Transportation Trust	-	-	43	-
Road Impact Fees	-	-	83	-
Ocean Center	-	-	3,272	-
Municipal Service District	21,189	-	765	-
Court Improvement	11,252	-	-	-
Criminal Justice Reimbursement	40,507	-	-	-
Law/Beach Enforcement Trust	-	-	165	-
Federal and State Grants	-	-	25	-
DEBT SERVICE FUNDS:				
Guaranteed Entitlement Revenue Bonds	55,850	-	-	-
ENTERPRISE FUNDS:				
Daytona Beach International Airport	9	-	-	-
Water and Sewer Utilities	-	-	388	-
COMPONENT UNITS				
Clerk of the Circuit Court	-	126,050	-	653,878
Clerk of the Circuit Court - Agency Fund	-	-	-	431,104
Emergency Medical Foundation, Inc.	-	10,124	-	44,400
TOTAL PRIMARY GOVERNMENT	**$ 1,129,382**	**$ 136,174**	**$ 136,174**	**$ 1,129,382**

Interfund transfers consist of the following:

	Transfer Out:						
	General	Municipal Service District	Federal and State Grants	Other Governmental Funds	Garbage Collection	Component Unit: Clerk of the Circuit Court	Total Transfers In
Transfer In:							
General Fund	$ -	$ 116,078	$ -	$ 1,082,625	$ -	$ 653,878	$ 1,852,581
Municipal Service District	417,729	-	-	-	-	-	417,729
Federal and State Grants	839,450	450,500	-	767,353	-	-	2,057,303
Other Governmental Funds	3,643,281	2,928,445	150,000	2,317,853	-	-	9,039,579
Refuse Disposal	150,000	-	-	-	400,000	-	550,000
Daytona Beach International Airport	100,000	-	-	-	-	-	100,000
Transportation Authority	4,086,556	-	-	-	-	-	4,086,556
Computer Replacement	499,848	160,474	-	-	-	-	660,322
Component Unit: Clerk of the Circuit Court	4,389,873	-	-	-	-	-	4,389,873
Total Transfers Out	**$14,126,737**	**$ 3,655,497**	**$ 150,000**	**$ 4,167,831**	**$ 400,000**	**$ 653,878**	**$23,153,943**

Transfers are used to move revenues from the fund that ordinance or budget requires to collect them to the fund that ordinance or budget requires to expend them. Transfers are also used to move receipts restricted for debt service from the funds collecting the receipts to the debt service funds as required for bond coverage. In the fiscal year ended September 30, 2001, the County made a one-time transfer of $499,848 from the General Fund and $160,474 from the Municipal Service District to initiate the funding of the computer replacement program, accounted for as an internal service fund.

NOTE 7.
CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2001 was as follows:

Primary Government

	Beginning Balance 9/30/00	Increases	Decreases	Ending Balance 09/30/01
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	$ 54,322,750	$ 1,068,643	$ -	$ 55,391,393
Construction In Progress	16,993,559	29,837,224	(784,119)	46,046,664
Construction In Progress - Infrastructure	28,235,869	10,270,492	(13,533,382)	24,972,979
Total Capital Assets, Not Being Depreciated	99,552,178	41,176,359	(14,317,501)	126,411,036
Capital Assets, Being Depreciated:				
Buildings	148,867,273	1,587,359	(3,345)	150,451,287
Improvements Other Than Buildings	12,112,951	650,336	-	12,763,287
Leasehold Improvements	486,344	-	-	486,344
Equipment	83,570,229	10,312,170	(10,350,488)	83,531,911
Infrastructure	-	13,533,382	-	13,533,382
Total Capital Assets Being Depreciated	245,036,797	26,083,247	(10,353,833)	260,766,211
Less Accumulated Depreciation For:				
Buildings	(44,664,322)	(3,938,352)	1,876	(48,600,798)
Improvements Other Than Buildings	(3,524,029)	(564,779)	-	(4,088,808)
Leasehold Improvements	(186,707)	(24,319)	-	(211,026)
Equipment	(53,458,720)	(6,828,285)	5,675,252	(54,611,753)
Infrastructure	-	-	-	-
Total Accumulated Depreciation	(101,833,778)	(11,355,735)	5,677,128	(107,512,385)
Total Capital Assets, Being Depreciated, Net	143,203,019	14,727,512	(4,676,705)	153,253,826
Governmental Activities Capital Assets, Net	$ 242,755,197	$ 55,903,871	$ (18,994,206)	$ 279,664,862

	Beginning Balance 9/30/00	Increases	Decreases	Ending Balance 09/30/01
Business-type Activities:				
Capital Assets, Not Being Depreciated:				
Land	$ 26,632,489	$ -	$ -	$ 26,632,489
Construction In Progress	16,501,271	5,554,743	(9,253,936)	12,802,078
Total Capital Assets, Not Being Depreciated	43,133,760	5,554,743	(9,253,936)	39,434,567
Capital Assets, Being Depreciated:				
Buildings	19,210,404	46,923	-	19,257,327
Improvements Other Than Buildings	128,824,128	12,016,897	(385,183)	140,455,842
Equipment	30,243,901	3,982,420	(4,099,129)	30,127,192
Infrastructure	-	-	-	-
Total Capital Assets Being Depreciated	178,278,433	16,046,240	(4,484,312)	189,840,361
Less Accumulated Depreciation For:				
Buildings	(5,051,658)	(833,377)	-	(5,885,035)
Improvements Other Than Buildings	(40,359,571)	(5,476,781)	110,760	(45,725,592)
Equipment	(15,168,533)	(2,853,602)	3,595,986	(14,426,149)
Infrastructure	-	-	-	-
Total Accumulated Depreciation	(60,579,762)	(9,163,760)	3,706,746	(66,036,776)
Total Capital Assets, Being Depreciated, Net	117,698,671	6,882,480	(777,566)	123,803,585
Business-type Activities Capital Assets, Net	$ 160,832,431	$ 12,437,223	$ (10,031,502)	$ 163,238,152

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	$ 2,432,324
Public Safety	3,769,943
Physical Environment	374,753
Transportation	921,170
Economic Environment	7,424
Human Services	765,658
Culture/Recreation	2,062,894
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	1,021,569
Total Depreciation Expense - Governmental Activities	$ 11,355,735
Business-type activities:	
Garbage Collection	$ 24,532
Refuse Disposal	1,992,145
Daytona Beach International Airport	3,869,844
Volusia Transportation Authority	1,983,732
Water and Sewer Utilities	1,293,507
Total Depreciation Expense - Business-type Activities	$ 9,163,760

Construction commitments

The County has active construction projects as of September 30, 2001. At year-end the government's commitments with contractors are as follows:

Projects	Spent-to-Date	Remaining Commitment
Volusia County Courthouse	$ 39,844,555	$ 6,259,894
Park-Related	178,151	1,155,424
Library-Related	1,139,101	19,585
Communications-Related	1,083,775	83,888
Road Construction:		
Resurfacing Projects	825,104	669,428
New Construction, Expansion	2,022,902	1,636,517
Airport Airfield Improvements	1,485,298	422,188
Water/Sewer Utility Improvements	958,599	627,278
Total	$ 47,537,485	$ 10,874,202

The construction commitment for the Volusia County Courthouse project was financed by the bond proceeds of the Subordinate Lien Sales Tax Improvement Revenue Bonds, Series 1998. The commitment for the park-related projects is financed by revenues derived from boat registration renewals, grants, and transfers over the years from the General, the Ponce Inlet Port Authority, and Park Impact Fee funds. The commitment for the projects relating to the County's libraries was financed from transfers in prior years from the Library Fund. The remaining commitment for the communications-related project was financed by a prior year transfer from the General Fund and proceeds from an installment purchase agreement with Florida Association of Counties issued in 1999. The remaining commitments for the road construction projects are financed by various gas taxes and road impact fees. The commitment for the airport airfield improvements is mainly funded utilizing federal and state matching grants. The commitment for the water/sewer utility improvements is being financed by revenues generated through user fees.

NOTE 8. LONG-TERM DEBT

A. SUMMARY OF BOND RESOLUTIONS

The following is a summary of bond resolutions pertaining to debt reflected on the September 30, 2001 financial statements:

1. GENERAL OBLIGATION BONDS

Name:	$18,805,000 Limited Tax General Obligation Refunding Bonds, Series 1992
Dated:	January 1992
Final Maturity:	July 1, 2004
Principal Payment Date:	July 1
Interest Payment Date:	July 1 and January 1
Interest Rates:	5.80% to 5.88%
Reserve Requirement:	N/A
Revenue Pledged:	Levy of an ad valorem tax on all taxable property in the County not to exceed one-quarter of one mill each year.
Purpose:	To provide sufficient funds to advance refund the County's $3,500,000 General Obligation Bonds, Series 1987, and $16,500,000 Limited Obligation Bonds, Series 1988.

2. REVENUE BONDS

Name:	$33,530,000 Tourist Development Tax Refunding Revenue Bonds, Series 1993
Dated:	March 1993
Final Maturity:	December 1, 2013
Principal Payment Date:	December 1
Interest Payment Date:	December 1 and June 1
Interest Rates:	4.60% to 5.25%
Reserve Requirement:	The requirement is specified by bond resolution to be at least equal to $2,595,283.
Revenue Pledged:	Tourist Development Tax, the net operating revenues of the civic center operations, and certain investment earnings.
Purpose:	To provide sufficient funds to advance refund the County's outstanding Tourist Development Tax Refunding Revenue Bonds, Series 1986.

Name:	$1,839,335 Service Fee Limited Revenue Bonds, Series 1989
Dated:	March 1989
Final Maturity:	April 15, 2001
Principal Payment Date:	April 15, 2001
Interest Payment Date:	April 15 and October 15
Interest Rates:	8.00%
Reserve Requirement:	N/A
Revenue Pledged:	Portion of the service fee levied by the Clerk of the Circuit Court on all summary procedure cases.
Purpose:	To provide funds for the purchase of land in east Volusia County.

Name:	$37,170,000 Sales Tax Improvement Refunding Revenue Bonds, Series 1991A
Dated:	January 1992
Final Maturity:	October 1, 2001
Principal Payment Date:	October 1
Interest Payment Date:	October 1 and April 1
Interest Rates:	5.90%
Reserve Requirement:	N/A
Revenue Pledged:	Local Government Half-Cent Sales Tax.
Purpose:	To provide sufficient funds to advance refund the County's outstanding Sales Tax Improvement Refunding Revenue Bonds, Series 1986A and Sales Tax Improvement Revenue Bonds, Series 1986B and 1986C.

Name:	$5,640,000 Gas Tax Revenue Bonds, Series 1992
Dated:	September 1992
Final Maturity:	December 1, 2005
Principal Payment Date:	December 1
Interest Payment Date:	June 1 and December 1
Interest Rates:	5.00% to 6.40%
Reserve Requirement:	N/A
Revenue Pledged:	Proceeds of the County's Ninth-Cent Voted Gas Tax on motor fuel and special fuel.
Purpose:	To fund construction of the East Coast Beltline project.

Name:	$13,365,000 Airport System Revenue Refunding Bonds, Series 1993
Dated:	August 1, 1993
Final Maturity:	October 1, 2021
Principal Payment Date:	October 1
Interest Payment Date:	October 1 and April 1
Interest Rates:	4.80% to 5.70%
Reserve Requirement:	The requirement is specified by bond resolution to be at least equal to $954,488.
Revenue Pledged:	Net revenues generated by the operations of the Airport and investment earnings.
Purpose:	To provide sufficient funds to advance refund a portion of the County's outstanding Airport System Revenue Bonds, Series 1991.

Name:	$30,795,000 Airport System Revenue Refunding Bonds, Series 2000
Dated:	August 1, 2000
Final Maturity:	October 1, 2021
Principal Payment Date:	October 1
Interest Payment Date:	October 1 and April 1
Interest Rates:	6.35% to 7.00%
Reserve Requirement:	The requirement is specified by bond resolution to be at least equal to $2,841,470.
Revenue Pledged:	Net revenues generated by the operations of the Airport and investment earnings.
Purpose:	To provide sufficient funds to advance refund the remaining portion of the County's outstanding Airport System Revenue Bonds, Series 1991.

Name:	$9,905,000 Sales Tax Improvement Refunding Revenue Bonds, Series 1993
Dated:	August 15, 1993
Final Maturity:	October 1, 2021
Principal Payment Date:	October 1
Interest Payment Date:	October 1 and April 1
Interest Rates:	4.50% to 5.38%
Reserve Requirement:	N/A
Revenue Pledged:	Local Government Half-Cent Sales Tax.
Purpose:	To provide sufficient funds to advance refund the County's outstanding Sales Tax Improvement Refunding Revenue Bonds, Series 1991.

Name:	$17,625,000 Sales Tax Improvement Revenue Bonds, Series 1994
Dated:	June 1, 1994
Final Maturity:	October 1, 2007
Principal Payment Date:	October 1
Interest Payment Date:	October 1 and April 1
Interest Rates:	4.85% to 5.45%
Reserve Requirement:	N/A
Revenue Pledged:	Local Government Half-Cent Sales Tax.
Purpose:	To finance the cost of acquiring, constructing, and equipping certain capital improvements.

Name:	$14,280,000 Guaranteed Entitlement Revenue Bonds, Series 1994
Dated:	May 1, 1994
Final Maturity:	October 1, 2004
Principal Payment Date:	October 1
Interest Payment Date:	October 1 and April 1
Interest Rates:	4.75% to 5.00%
Reserve Requirement:	N/A
Revenue Pledged:	Guaranteed Entitlement Revenues portion of State Revenue Sharing and a surcharge levied on every moving violation in the County.
Purpose:	To provide sufficient funds to acquire, construct, and install an 800 MHz communication system.

Name:	$7,470,000 Water and Sewer Revenue Refunding and Improvement Bonds, Series 1993
Dated:	December 1, 1993
Final Maturity:	October 1, 2019
Principal Payment Date:	October 1
Interest Payment Date:	October 1 and April 1
Interest Rates:	4.40% to 5.25%
Reserve Requirement:	N/A
Revenue Pledged:	Net revenues derived from the operation of the County's Water and Sewer System, connection fees, and investment earnings.
Purpose:	To provide funds sufficient to advance refund a portion of the County's outstanding Water and Sewer Bonds, Series 1989 and to finance the cost of acquisition and construction of certain capital improvements to the system.

Name:	$59,250,000 Subordinate Lien Sales Tax Improvement Revenue Bonds, Series 1998
Dated:	September 1, 1998
Final Maturity:	October 1, 2018
Principal Payment Date:	October 1
Interest Payment Date:	October 1 and April 1
Interest Rates:	4.00 % to 5.13%
Reserve Requirement:	N/A
Revenue Pledged:	Local Government Half-Cent Sales Tax.
Purpose:	To finance the cost of acquiring, constructing, and equipping certain capital improvements including a new court facility and to advance refund the County's $10 million Sales Tax Improvement Revenue Bonds, Series 1996.

Name:	$5,085,000 Water and Sewer Refunding Revenue Bonds, Series 1998
Dated:	July 1, 1998
Final Maturity:	October 1, 2016
Principal Payment Date:	October 1
Interest Payment Date:	October 1 and April 1
Interest Rates:	4.00% to 4.88%
Reserve Requirement:	N/A
Revenue Pledged:	Net revenues derived from the operation of the County's Water and Sewer System, connection fees, and investment earnings.
Purpose:	To provide funds sufficient to advance refund the remaining portion of the County's outstanding Water and Sewer Bonds, Series 1989.

Name:	$11,930,000 Subordinate Lien Sales Tax Improvement Refunding Revenue Bonds, Series 2001A
Dated:	June 1, 2001
Final Maturity:	October 1, 2014
Principal Payment Date:	October 1
Interest Payment Date:	October 1 and April 1
Interest Rates:	4.00% to 5.00%
Reserve Requirement:	N/A
Revenue Pledged:	Local Government Half-Cent Sales Tax
Purpose:	To provide funds sufficient to advance refund a portion of the County's outstanding Sales Tax Improvement Revenue Bonds, Series 1994.

Name:	$23,985,000 Subordinate Lien Sales Tax Improvement Refunding Revenue Bonds, Series 2001B
Dated:	June 1, 2001
Final Maturity:	October 1, 2010
Principal Payment Date:	October 1
Interest Payment Date:	October 1 and April 1
Interest Rates:	4.00% to 5.00%
Reserve Requirement:	N/A
Revenue Pledged:	Local Government Half-Cent Sales Tax
Purpose:	To provide funds sufficient to current refund a portion of the County's outstanding Sales Tax Improvement Refunding Revenue Bonds, Series 1991A.

3. OTHER BONDS

Name:	$2,735,000 Special Assessment Improvement Bonds, Series 1995
Dated:	April 15, 1995
Final Maturity:	July 1, 2005
Principal Payment Date:	July 1
Interest Payment Date:	January 1 and July 1
Interest Rates:	6.60% to 6.88%
Reserve Requirement:	The requirement is specified by bond resolution to be at least equal to $273,500 in cash, a letter of credit, surety bond, or similar cash substitute. The County has met this requirement by establishing a reservation of fund balance in the Ponce Inlet Port Authority Fund, a special revenue fund.
Revenue Pledged:	The Special Assessment Proceeds including interest and penalties collected by the County against properties specially benefited by the acquisition and construction of the Bethune Beach Wastewater project.
Purpose:	To provide sufficient funds to acquire, construct, and install certain capital improvements including sanitary sewers, lift stations, force mains, and other related improvements for the development of a central wastewater collection and transmission system to service the properties within the Bethune Beach Special Assessment District.

B. NOTES PAYABLE

Notes payable for the primary government are comprised of the following:

NOTES PAYABLE	INTEREST RATE	INTEREST PAYABLE	FINAL MATURITY DATE	ANNUAL PRINCIPAL PAYMENT (In Thousands)		AMOUNT OUTSTANDING 09/30/01
GOVERNMENTAL DEBT						
Installment purchase agreement with General Electric Leasing for purchase of helicopters	6.42%	Semi-annual	12/20/01	$194	$	193,728
Installment purchase agreement with Fla. Assn. of Counties for purchase of computers and other equipment	Variable	Monthly	09/01/02	$1,308		1,308,000
Installment purchase agreement with Fla. Assn. of Counties for purchase of computers and other equipment	Variable	Monthly	06/01/03	$836 – 1,029		1,865,000
Installment purchase agreement with Fla. Assn. of Counties for purchase of computers and other equipment	Variable	Monthly	12/01/05	$80 – 1,420		4,080,000
TOTAL GOVERNMENTAL DEBT					**$**	**7,446,728**
PROPRIETARY DEBT						
Airport Land Acquisition Program	0%	N/A	Unknown	Unknown	$	4,202,025
Installment purchase agreement with Fla. Assn. of Counties for Solid Waste's disposal cell	Variable	Quarterly	12/01/04	$280 – 2,080		3,010,000
Upgrade of the Deltona North Water Reclamation Facility with the State of Florida	2.99%	Semi-annual	06/15/17	$72 – 115		1,490,430
Southwest Regional Water Reclamation Facility Revolving Loan Program	3.05%	Semi-annual	05/15/20	Unknown		2,480,755
Southeast Wastewater Facilities Revolving Loan Program	3.24%	Semi-annual	08/15/20	Unknown		8,102,597
TOTAL PROPRIETARY DEBT					**$**	**19,285,807**

C. DEBT SERVICE TO MATURITY

The annual requirements to amortize all primary government debt outstanding as of September 30, 2001, including interest payments of $111,522,159 are as follows:

GOVERNMENTAL LONG-TERM DEBT

FISCAL YEAR	LIMITED OBLIGATION BONDS		REVENUE AND OTHER BONDS		NOTES PAYABLE		TOTAL PRINCIPAL AND INTEREST
	Principal	Interest	Principal	Interest	Principal	Interest	
2002	$ 1,860,000	$ 269,538	$ 7,260,000	$ 6,651,133	$ 3,950,728	$ 273,868	$ 20,265,267
2003	1,970,000	161,657	7,905,000	6,231,993	2,256,000	118,170	18,642,820
2004	790,000	46,413	8,095,000	5,864,540	880,000	32,756	15,708,709
2005	-	-	8,260,000	5,490,270	280,000	10,937	14,041,207
2006	-	-	6,425,000	5,120,800	80,000	640	11,626,440
2007-2011	-	-	36,045,000	21,196,688	-	-	57,241,688
2012-2016	-	-	40,655,000	12,142,821	-	-	52,797,821
2017-2021	-	-	25,515,000	2,756,925	-	-	28,271,925
2022	-	-	660,000	35,475	-	-	695,475
TOTAL	4,620,000	477,608	140,820,000	65,490,645	7,446,728	436,371	219,291,352
LESS: Unamortized Bond Costs	-	-	1,402,314	-	-	-	1,402,314
TOTAL GOVERNMENTAL	**$ 4,620,000**	**$ 477,608**	**$ 139,417,686**	**$ 65,490,645**	**$ 7,446,728**	**$ 436,371**	**$ 217,889,038**

FISCAL YEAR	PROPRIETARY DEBT REVENUE BONDS Principal	Interest	NOTES PAYABLE Principal	Interest	TOTAL PRINCIPAL AND INTEREST	TOTAL GOVERNMENTAL LONG-TERM DEBT AND PROPRIETARY DEBT PRINCIPAL AND INTEREST
2002	$ 1,415,000	$ 3,290,185	$ 1,032,160	$ 521,017	$ 6,258,362	$ 26,523,629
2003	1,495,000	3,211,119	1,085,955	480,195	6,272,269	24,915,089
2004	1,570,000	3,126,539	1,110,515	437,630	6,244,684	21,953,393
2005	1,660,000	3,036,136	2,895,862	314,445	7,906,443	21,947,650
2006	1,750,000	2,938,908	842,024	259,581	5,790,513	17,416,953
2007-2011	10,430,000	12,963,762	4,632,888	875,138	28,901,788	86,143,476
2012-2016	14,025,000	9,237,236	3,369,085	194,830	26,826,151	79,623,972
2017-2021	18,035,000	4,110,019	115,293	2,592	22,262,904	50,534,829
2022	3,555,000	118,203	-	-	3,673,203	4,368,678
TOTAL	**53,935,000**	**42,032,107**	**15,083,782**	**3,085,428**	**114,136,317**	**333,427,669**
LESS:						
Unamortized Bond Costs	3,078,168	-	-	-	3,078,168	4,480,482
TOTAL PROPRIETARY DEBT	**$ 50,856,832**	**$ 42,032,107**	**$ 15,083,782**	**$ 3,085,428**	**$ 111,058,149**	**$ 328,947,187**

In addition, the County has entered into a loan agreement with the State of Florida to finance the acquisition of land adjacent to the Daytona Beach International Airport. The total loan authorized by the State of Florida for the Airport Land Acquisition Program is $11,297,250. As of September 30, 2001, the County has requested and received $4,202,025 of the total amount authorized. The terms of this non-interest bearing loan agreement requires the County to repay a portion of the loan upon completion of the land acquisition program and whenever federal funds are received in future periods.

D. ADVANCE AND CURRENT REFUNDING

1. Subordinate Lien Sales Tax Refunding Revenue Bonds, Series 2001A

On July 2, 2001, the County issued $11,930,000 in Subordinate Lien Sales Tax Refunding Revenue Bonds, Series 2001A to provide the resources to purchase U.S. Government State and Local Government Series (SLGS) securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on $11,425,000 of the outstanding Sales Tax Improvement Revenue Bonds, Series 1994 (a portion of the $14 million total outstanding). As a result, that portion of the Series 1994 bonds is considered to be defeased and the liability for those bonds has been removed from the governmental activities column of the

Statement of Net Assets. The reacquisition price exceeded the net carrying value of the old debt by $655,763. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is the same as the new debt.

The County advance refunded that portion of the Series 1994 bonds to reduce its total debt service payments over the next 13 years by $539,514. The economic gain or present value savings over the life of the Series 1994 bonds is $410,222.

2. Subordinate Lien Sales Tax Refunding Revenue Bonds, Series 2001B

On July 2, 2001, the County issued $23,985,000 in Subordinate Lien Sales Tax Refunding Revenue Bonds, Series 2001B to currently refund $23,485,000 of the outstanding Sales Tax Improvement Refunding Revenue Bonds, Series 1991A (a portion of the $25.49 million total outstanding). The bonds were issued to provide the resources to purchase U.S. government securities (SLGS). These securities were also deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the Series 1991A bonds. As a result, that portion of the Series 1991A bonds is considered to be defeased and the liability for those bonds has been removed from the governmental activities column of the Statement of Net Assets. The reacquisition price exceeded the net carrying value of the old debt by $811,153. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is the same as the new debt.

The County currently refunded that portion of the Series 1991A bonds to reduce its total debt service payments over the next nine years by $2,193,580. The economic gain or present value savings over the life of the Series 1991A bonds is $1,823,479.

E. 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, 2001, $43,595,000 of bonds outstanding are considered defeased and were comprised of the following:

Sales Tax Improvement Refunding Revenue Bonds, Series 1991A	$ 23,485,000
Sales Tax Improvement Revenue Bonds, Series 1994	11,425,000
Sales Tax Improvement Revenue Bonds, Series 1996	8,685,000
TOTAL	**$ 43,595,000**

F. CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended September 30, 2001, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	$ 6,380,000	$ -	$ (1,760,000)	$ 4,620,000	$ 1,860,000
Revenue Bonds	146,433,112	35,915,000	(42,198,112)	140,150,000	6,985,000
Special Assessment debt					
with governmental commitment	990,000	-	(320,000)	670,000	275,000
Deferred Amounts:					
Plus: For Issuance Premiums	-	396,332	(20,058)	376,274	-
Less: For Issuance Costs	-	(405,658)	20,860	(384,798)	-
On Refunding	-	(1,466,916)	73,126	(1,393,790)	-
Total Bonds Payable	153,803,112	34,438,758	(44,204,184)	144,037,686	9,120,000
Notes Payable	6,503,328	4,790,000	(3,846,600)	7,446,728	3,950,728
Estimated Claims and Judgments	15,959,528	15,476,200	(17,159,704)	14,276,024	2,917,937
Compensated Absences Payable	14,535,782	10,164,132	(6,512,856)	18,187,058	-
Governmental Activity					
Long-term Liabilities	$ 190,801,750	$ 64,869,090	$ (71,723,344)	$ 183,947,496	$ 15,988,665
Business-type Activities:					
Bonds Payable:					
Revenue Bonds	$ 54,620,000	$ -	$ (685,000)	$ 53,935,000	$ 1,415,000
Less Deferred Amounts:					
For Issuance Discounts	(230,491)	-	14,487	(216,004)	-
For Issuance Costs	(645,141)	-	46,656	(598,485)	-
On Refunding	(2,435,243)	-	171,564	(2,263,679)	-
Total Bonds Payable	51,309,125	-	(452,293)	50,856,832	1,415,000
Notes Payable	17,533,576	2,823,522	(1,071,291)	19,285,807	1,032,160
Compensated Absences Payable	1,188,718	901,443	(397,694)	1,692,467	-
Landfill Closure Costs	9,872,648	810,406	-	10,683,054	-
Business-type Activity					
Long-term Liabilities	$ 79,904,067	$ 4,535,371	$ (1,921,278)	$ 82,518,160	$ 2,447,160

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end, $14,276,024 in estimated claims and judgements and $538,248 in compensated absences are included in the above amounts. Also, for the governmental activities, claims and judgements and compensated absences are generally liquidated by the General and Municipal Service District funds.

NOTE 9.
CONDUIT DEBT OBLIGATIONS

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. 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, 2001 is comprised of the following:

ENTITY	NUMBER OF SERIES OUTSTANDING	ORIGINAL ISSUED	AGGREGATE PRINCIPAL OUTSTANDING
Community Development Properties, Volusia, Inc.	2	$ 13,435,000	$ 13,380,000
Volusia County Health Facilities Authority	6	352,810,000	189,695,000
Housing Finance Authority of Volusia County	15	78,861,000	(1)
Volusia County Industrial Development Authority	(1)	(1)	(1)
Volusia County Educational Facilities Authority	7	201,605,000	160,135,000

(1) Information not available from individual entities.

NOTE 10.
EMPLOYEE RECEIVABLES

During the fiscal year ended September 30, 1977, and again in fiscal year 1986, the County changed its biweekly pay period ending dates. As a result of these changes, certain employees received double pay for days worked. The amount owed is deducted from the employee's final pay. At September 30, 2001, this receivable amounted to $217,120. Additionally, the County administers a computer purchase plan as a benefit to its employee. At September 30, 2001, the amount owed to the County under this plan was $109,159. Both amounts are recorded as Employee Receivables and, since they do not represent an "available spendable resource," the General Fund's fund balance is reserved accordingly in the amount of $326,279.

NOTE 11.
PENSION PLANS

A. FLORIDA RETIREMENT SYSTEM

Plan Description: The County's employees participate in the Florida Retirement System (FRS), a cost-sharing multiple-employer defined benefit public employee retirement system, administered by the State of Florida Department of Administration. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Florida Statutes Chapter 121, as may be amended from time to time by the state legislature provides the methodology for determining contribution rates for the various membership classes of the FRS. The FRS issues a publicly available financial report that includes financial statements, ten-year historical trend information, and other required supplementary information. That report may be obtained by writing to the:

State of Florida Department of Administration
Division of Retirement
Cedars Executive Center, Building C
2639 North Monroe Street
Tallahassee, FL 32399-1560

Funding Policy: The FRS has seven classes of membership with descriptions and contribution rates in effect at September 30, 2001 as follows (contribution rates are in agreement with the actuarially determined rates):

Regular Class – Members who do not qualify for other classes.	7.30%
Senior Management Service Class – Members of senior management who do not elect the optional annuity retirement program.	9.28%
Local Annuity Program – Members of senior management who elect the optional annuity retirement program and are not participating in the FRS.	0%
Special Risk Class – Members employed as law enforcement officers, firefighters, or correctional officers and who meet the criteria set to qualify for this class.	18.44%
Special Risk Administrative Support Class – Special risk members who are transferred or reassigned to non-special risk and meet the criteria.	9.83%
Elected County Officer's Class – Certain elected county officials.	15.14%
Deferred Retirement Option Program (DROP) – Members who meet the criteria are allowed to defer the receipt of benefits, allowing them to accumulate and earn interest within the FRS Trust Fund, while members continue their employment.	12.67%

The contribution rate of current year covered payroll is 12.69 percent. For the years ending September 30, 2001, 2000, and 1999, total contributions were $11,235,011, $11,698,936, and $14,481,576, respectively. The County made 100 percent of its required contributions for each year.

B. VOLUNTEER FIREFIGHTERS PENSION PLAN

Plan Description and Summary of Benefits: The Volunteer Firefighters Pension Plan is a single-employer defined benefit pension plan administered by the County of Volusia.

Volunteer firefighters who meet minimum County-established standards are eligible to participate in the plan. Minimum standards are based on a system that awards points used to certify years of credited service for completing training courses, attending drills, responding to emergency and non-emergency calls, and participating in other fire emergency related activities. The minimum number of years of active service after the October 1, 1989 implementation date for this program shall be ten years to qualify for retirement. Credit for past service will be given on a year for year basis up to a maximum of ten years. The minimum age for receiving retirement benefits shall be 55 and after the tenth anniversary of plan participation, but not later than the fifth anniversary of plan participation for volunteers 65 or over on October 1, 1989. Vesting occurs after ten years of continuous credited service (five years if volunteer is age 65 or over on October 1, 1989). Pension benefits will not be calculated on credited service exceeding 35 years.

Membership in the plan consisted of the following at October 1, 2001, the date of the latest actuarial valuation update:

Retirees and beneficiaries receiving benefits.	17
Terminated plan members entitled to, but not yet receiving benefits.	1
Active plan members:	
Vested	53
Non-vested	290
Total Active Plan Members	**343**
Number of participating employers	1

Basis of Accounting: The Volunteer Firefighter Pension Plan financial statements are prepared using the accrual basis of accounting. County contributions are required when due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Fair Value of Investments: Pension funds are invested in the County's investment pool, selected mutual funds, and equities. These investments are reported at fair value.

Funding Policy: Authority to establish and amend benefits rests with the County Council. The contribution requirements to the plan are established during the adoption of the County's annual budget. They are predicated on a defined benefit level of $20 per month for each year of credited service. Volunteers do not contribute to the plan.

Annual Pension Cost and Net Pension Obligation based upon the Actuarial Valuation: The County's annual pension cost and net pension obligation to the pension plan for the current year were as follows:

Pension Benefit Obligation	
Annual required contribution (ARC)	$ 99,978
Interest accrued on net pension obligation	292
ARC adjustment	(365)
Annual pension cost	**99,905**
Contributions made	100,275
Decrease in net pension obligation	**(370)**
Net pension obligation 09/30/00	3,654
Net pension obligation 09/30/01	**$ 3,284**

The annual required contribution for the current year was determined as part of the October 1, 2001 actuarial valuation using the frozen entry age actuarial cost method. The actuarial assumption included an 8.0 percent investment rate of return. Assets are valued at fair value. The unfunded actuarial accrued liability is to be amortized by a series of level payments over a 29-year period. The remaining amortization period at September 30, 2001 is 21 years.

FOUR YEAR TREND INFORMATION

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Benefit Obligations
09/30/98	$ 142,714	72	$ 19,405
09/30/99	145,473	71	61,589
09/30/00	99,906	100	3,654
09/30/01	99,905	100	3,284

The Volunteer Firefighters Pension Plan does not issue a stand-alone financial report.

NOTE 12.
SPECIAL ASSESSMENT RECEIVABLES

Special assessment receivables of the primary government at September 30, 2001 consist of the following:

SPECIAL ASSESSMENT DISTRICT	INTEREST RATE %	PRINCIPAL CURRENT RECEIVABLE	PRINCIPAL DEFERRED RECEIVABLE	INTEREST RECEIVABLE
SPECIAL REVENUE FUNDS:				
Corbin Park	10.0	$ 1,145	$ -	$ 1,263
South Waterfront Park	10.0	4,784	-	3,996
Mobile Home Village	10.0	74,178	-	63,134
Yorkshire Drive	10.0	281	258	13
Corbin Park Unit 3 Napier Hull	8.0	13,734	157,593	30,746
Violet Court	8.0	900	3,065	595
Bethune Beach 6500 Block Atlantic Ave.	8.0	16,983	118,880	4,531
Penn Drive Country Club Estates	8.0	1,254	2,324	674
Lincoln Road	8.0	709	5,796	798
Pine Island	8.0	13,698	54,234	4,059
Bethune Beach 6400 Block Atlantic Ave.	8.0	2,002	17,014	1,121
TOTAL SPECIAL REVENUE FUNDS		**129,668**	**359,164**	**110,930**
DEBT SERVICE FUNDS:				
Bethune Beach	8.9	217,175	625,524	74,190
TOTAL DEBT SERVICE FUNDS		**217,175**	**625,524**	**74,190**
TOTAL SPECIAL ASSESSMENT RECEIVABLES		**$ 346,843**	**$ 984,688**	**$ 185,120**

NOTE 13.
DEFERRED ASSESSMENTS, PASSENGER FACILITY CHARGES

The Daytona Beach International Airport received approval from the Federal Aviation Administration to begin collecting passenger facility charges (PFC) effective July 1, 1993 in the amount of three dollars per enplaning passenger. As of September 30, 2001, changes to deferred assessments are summarized as follows:

Balance as of September 30, 2000	$ 2,493,856
Passenger Facility Charges Imposed	612,169
Interest Earned	142,208
TOTAL AVAILABLE	**3,248,233**
Less Expenditures	-
Balance as of September 30, 2001	**$ 3,248,233**

NOTE 14.
AIRPORT LEASING ARRANGEMENTS WITH TENANTS AND PROPERTY HELD FOR LEASE

A. LEASING ARRANGEMENTS

The Airport's leasing operations consist of the leasing of land, buildings, and terminal space to airlines and other tenants. The leases consist of:

1. Ten-year signatory lease agreements with major airlines.
2. Five-to-ten year lease agreements with other major tenants of the terminal.
3. Operating leases, which range from one to thirty years for the land and buildings leased at the Airport.

B. FUTURE RENTALS

The following is a schedule by years of minimum future rentals to be received on noncancellable operating leases:

MINIMUM FUTURE RENTALS AS OF SEPTEMBER 30. 2001

2002	$ 5,379,524
2003	1,897,850
2004	1,748,953
2005	1,750,088
2006	1,706,599
Later Years	22,081,496
TOTAL MINIMUM FUTURE RENTALS	**$ 34,564,510**

Minimum future rentals do not include contingent rentals, which may be received under certain leases of land and buildings on the basis of revenue or fuel flow. Contingent rentals amounted to approximately $729,000 during the fiscal year ended September 30, 2001.

C. PROPERTY HELD FOR LEASE

Certain administrative offices and common use areas are included in property held for lease. The following is an analysis, as of September 30, 2001, of the Airport's investment in lease property and property held for lease by major classes.

INVESTMENT IN PROPERTY ON OPERATING LEASES AND PROPERTY HELD FOR LEASE AS OF SEPTEMBER 30, 2001

Land	$ 3,967,740
Buildings	546,981
Improvements Other than Buildings	11,522,068
SUBTOTAL	**16,036,789**
Less Accumulated Depreciation	(3,477,009)
TOTAL	**$ 12,559,780**

NOTE 15.
MUNICIPALITY AGREEMENTS

On March 1, 1995, the County entered into participation agreements with 12 municipalities within the County to provide necessary equipment for conversion to a countywide 800 MHz communication system. The agreements require the municipalities to reimburse the County for the cost of the equipment over a period not to exceed ten years. The balance of the amount to be reimbursed to the County was $702,818 at September 30, 2001.

NOTE 16.
NET ASSETS DEFICIT

During the fiscal year ended September 30, 2001, the Insurance Fund's deficit in net assets decreased to $7,886,372. This change resulted from actuarially determined adjustments made to the fund to decrease the amounts owed for general liability claim costs. Because these claims are long-term in nature, it is determined that the fund is solvent and that future billings to the participating funds will eventually cover this deficit.

NOTE 17.
CLOSURE AND POSTCLOSURE CARE COST

State and federal laws and regulations require the County to place a final cover on its landfill sites (Plymouth Avenue and Tomoka Road) upon closure and to perform certain maintenance and monitoring functions at the site for 30 years thereafter.

The County's consultants prepared estimates of closure and postclosure of the Plymouth Avenue and Tomoka Road landfills as of September 30, 2001. Final closure of the Plymouth Avenue landfill was substantially completed as of September 30, 1998. The Tomoka Road landfill is operated on a cell basis. The County is currently constructing the final cover required for landfill closure of the Tomoka Road South Class I Cell. The County is currently operating the Tomoka Road North Class I Cell and the Tomoka Road Class III Area. The Tomoka Road landfill's closure and postclosure care costs originate on the date the existing cells are filled to capacity. Actual closure and postclosure care costs may be higher due to inflation, changes in technology, or changes in regulations. The County reports a portion of these closure and postclosure costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The $10.7 million reported as landfill closure and postclosure care liability at September 30, 2001 represents the cumulative amount reported to date.

The County is required by the State of Florida to make an annual contribution, if necessary, to a trust fund to finance closure costs. The County is in compliance with these requirements, and, as of September 30, 2001, cash and investments of $3.9 million are held for these purposes. These are reported as restricted assets on the balance sheet. The County expects that future inflation costs will be paid from interest earnings of the trust fund. However, if interest earnings on the trust fund are inadequate or additional postclosure care requirements are determined, these costs may need to be covered by increased charges to future landfill users.

NOTE 18.
COMMITMENT AND CONTINGENCIES

A. LEASE PURCHASE CONTRACT PROVISION

The lease purchase agreement with GE Capital to finance three public safety helicopters requires the County maintain a special reserve account having a minimum cash balance of $750,000 until the amount due under this agreement is paid in full. The County may not withdraw any amount from the reserve account except to pay all or a portion of the purchase option price payable upon a casualty loss. The required funds have been deposited into a special account and are recorded in the Insurance Fund.

B. SELF-INSURANCE PROGRAMS

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; business interruptions; errors and omissions; injuries to employees; and natural disaster. The County is also exposed to losses related to accident and health, dental, and other medical benefits it provides its employees.

During fiscal year 1976, the County established a self-insurance program and began accounting for and financing these risks in the Insurance Fund (Internal Service Fund). Under this program, the Insurance Fund provides coverage for up to a maximum of $500,000 for each workers compensation claim, $250,000 for each public liability claim, and $100,000 for each property damage claim. The County has secured commercial insurance to cover specific claims for workers compensation, general liability, and physical damage claims for incidents that exceed the self-insured limits. The limits of this coverage are $1,000,000, $5,000,000, and $238,866,585, respectively. Commercial insurance is also purchased for those risks not covered by the Fund. Settled claims have not exceeded the commercial coverage in the past three fiscal years. No significant reduction in the County's insurance coverage has occurred.

All funds of the County participate in the program and make payments to the Insurance Fund based on actuarial estimates of the amounts needed to pay prior and current year claims. The present value of claims liabilities for workers compensation, general liability, and property damage using a discount rate of 4.0 percent and amounting to $12,074,618 is based on the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*. This statement requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the Fund's claims liability amount in fiscal year 2000 and 2001 were:

	2000	2001
Beginning Fiscal Year Liability	$11,898,989	$13,950,521
Current Year Claims and Changes in Estimates	6,099,020	3,031,385
Claim Payments	(4,047,488)	(4,907,288)
Balance at Fiscal Year End	$13,950,521	$12,074,618

In fiscal year 1986, the County established the self-insured Employee Group Insurance Fund (Internal Service Fund) to account for medical, life, and disability insurance claims of County employees and their covered dependents. Under this program, the fund provides the employee with a lifetime maximum benefit of $1,000,000. Retention limits of $100,000 for a specific claim and an aggregate stop-loss of 125 percent of expected claims have been set. Commercial insurance for claims in excess of the coverage provided by the Fund is supplied by Sun Life at a monthly rate of $17.26 for specific loss and $.84 for aggregate loss, per participating employee. The County has contracted with various agencies to perform certain administrative functions, such as monitoring, reviewing and paying claims. Settled claims have not exceeded the excess insurance limits in any of the past three years.

All funds of the County participate in the program and make payments to the Employee Group Insurance Fund based upon actuarial estimates of the amounts needed to pay prior and current year claims.

The claims liability in the amount of $2,201,406 reported in the fund at September 30, 2001 is based on the requirements of GASB Statement No. 10. This statement requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and that the amount of the loss can be reasonably estimated.

Changes in the Fund's claims liability amount in fiscal years 2000 and 2001 were:

	2000	2001
Beginning Fiscal Year Liability	$ 1,909,324	$ 1,734,007
Current Year Claims		
and Changes in Estimates	11,100,779	12,444,815
Claim Payments	(11,276,096)	(11,977,416)
Balance at Fiscal Year End	$ 1,734,007	$ 2,201,406

C. CONTINGENT LIABILITY

In July 1999, the County entered into an agreement with Community Development Properties, Volusia, Inc. to provide for the parking needs of the Daytona Beach downtown community. As part of this agreement, the County (lessee) agreed to lease to Community Development Properties, Volusia, Inc. (lessor) a portion of land for the purpose of constructing and operating a multi-level parking facility. Construction of this parking facility was funded via issuance of two bond issues: Senior Lien Parking Facility Revenue Bonds, Series 1999A ($13,160,000) and Subordinate Lien Parking Facility Revenue Bonds, Series 1999B ($1,000,000). This debt was issued by the lessor and does not represent a direct obligation of the County of Volusia. The agreement, however, includes a sublease to a tenant of certain retail space within the parking facility. The County receives rental payments of $124,500 per year for this space. Pursuant to the lease agreement, the County is obligated to the Trustee for an equal annual amount to provide for the debt service on the bonds. The initial term of the lease agreement is for a thirty-year period with two additional ten-year extensions.

In addition to the above provisions, the lease agreement requires the lessor to pay to the lessee an annual amount of $210,000 for consideration for use of the land. This rent accrues from the time the certificate of occupancy was issued for the parking facility and is payable, in arrears, once all debt service requirements of the trust indenture for the bonds have been met. In the event that revenues generated by the facility are insufficient to pay this rent, any unpaid amount carries forward to the next fiscal year, together with compounded interest at a rate of six percent.

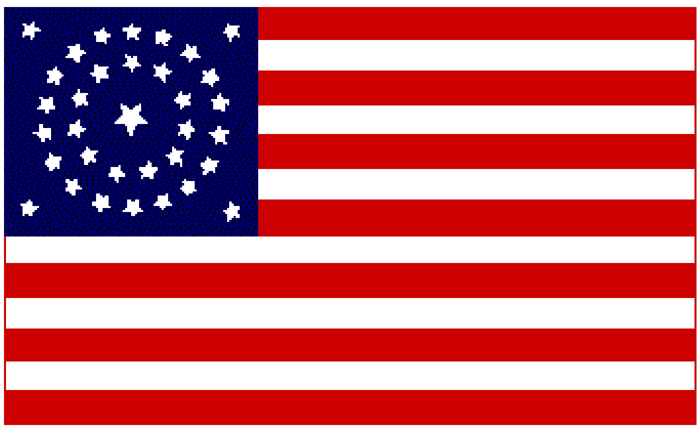
D. LITIGATION

1. Various suits and claims involving disputed ad valorem real and personal property taxes are pending against the County. Portions of these taxes have been voluntarily paid; portions have been paid under protest; and in certain instances, there are unpaid balances.

2. Various suits and claims are currently pending against the County and the County's Sheriff. At this time, it is impossible for the County to accurately quantify the exposure involved given the jury's latitude in assessing compensatory and punitive damages, and the court's latitude in awarding attorney's fees. The County intends to

vigorously defend against these lawsuits and believes it has a good chance of prevailing on their merits.

3. Various suits and claims arising in the ordinary course of operations are pending against the County. While the ultimate effect of such litigation cannot be ascertained at this time, in the opinion of counsel for the County, the liabilities which may arise from such action would not result in losses which would materially affect the financial position of the County or the results of operations.



34 Star Flag – 1861-1863

This flag has the stars arranged with one in the center and two concentric rings of stars and one in each corner. This is one of many designs used during the Civil War. The pattern used here became popular during the Civil War until the late 1800's.

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF VOLUSIA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
VOLUNTEER FIREFIGHTERS PENSION PLAN
SEPTEMBER 30, 2001

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Frozen Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
10/1/92	N/A	N/A	N/A	N/A	N/A	N/A
10/1/93	N/A	N/A	N/A	N/A	N/A	N/A
10/1/94	N/A	N/A	N/A	N/A	N/A	N/A
10/1/95	$1,690,073	$1,220,568	($469,505)	138%	N/A	N/A
10/1/96	$1,895,149	$1,431,947	($463,202)	132%	N/A	N/A
10/1/97	$2,102,978	$1,646,520	($456,458)	128%	N/A	N/A
10/1/98	$2,167,746	$1,718,504	($449,242)	126%	N/A	N/A
10/1/99	$2,625,625	$2,184,104	($441,521)	120%	N/A	N/A
10/1/00	$3,012,628	$2,579,369	($433,259)	117%	N/A	N/A
10/1/01	$3,017,304	$2,592,885	($424,419)	116%	N/A	N/A

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended September 30	Annual Required Contribution	Percentage Contributed
1992	N/A	N/A
1993	N/A	N/A
1994	N/A	N/A
1995	N/A	N/A
1996	$103,289	118%
1997	$103,289	100%
1998	$144,115	72%
1999	$144,115	72%
2000	$99,978	100%
2001	$99,978	100%

Valuation Date	10/01/01
Actuarial cost method	Frozen Entry Age
Amortization method	Level Dollar Closed
Remaining amortization period	21 years
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increase	N/A
Cost-of-living adjustment	None
Post-retirement benefit	None