

NOTES TO FINANCIAL STATEMENTS

SEMINOLE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity:

Seminole County (County) is a political subdivision of the State of Florida. It is governed by an elected Board of County Commissioners (Board) which is governed by state statutes and regulations. As required by accounting principles generally accepted in the United States of America, these financial statements present the County and its component units, entities for which the government is considered to be financially accountable. In addition to the members of the Board, there are five elected Constitutional Officers: Clerk of the Circuit Court (Clerk), Sheriff, Tax Collector, Property Appraiser, and Supervisor of Elections. The Board funds a portion, or in certain instances, all of the operating budgets of the County's Constitutional Officers. Ownership of real property and taxing authority is retained by the Board. The Constitutional Officers are considered a part of the primary government and are reported and blended in the applicable governmental fund types and account groups. Blended component units, although legally separate entities, are, in substance, a part of the County's governmental operations. Component unit data is combined with data of the Board to form and present the financial statements of the primary government. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize they are legally separate from the primary government. All discretely presented component units have a September 30 year end.

(1) Blended Component Unit:

U.S. 17-92 Community Redevelopment Agency (17-92 CRA)

The 17-92 CRA was established by resolution pursuant to Part III, Chapter 163, Florida Statutes. The 17-92 CRA, although legally separate, provides substantially all its services to the County, the Board serves as the CRA Board, and is financially dependent on the County. The 17-92 CRA is reported as a blended, special revenue fund within the financial statements of the County.

(2) Discretely Presented Component Units:

(a) Seminole County Port Authority (Port Authority):

The Port Authority was established by the Laws of Florida, Chapter 65.2270, for the purpose of constructing, equipping, and operating a port facility. The Board members of the Port Authority are appointed by the Board of County Commissioners. The County Board approves the Port Authority budget, levies taxes (if necessary) and must approve any debt issuance. The Port Authority is presented as an enterprise fund.

(b) Fred R. Wilson Memorial Law Library (Law Library):

The Law Library was established by the Laws of Florida, Chapter 59-1863. The Law Library provides approximately one-half of its services to the general public and one-half to the County judiciary. The Law Library is governed by a Board of Trustees appointed by the Board of County Commissioners and is presented as a special revenue fund. The Law Library cannot set user charges or issue bonded debt and therefore is fiscally dependent on the County.

Complete financial statements for the discretely presented component units may be obtained at their administrative offices.

Seminole County Port Authority
1510 Kastner Place, Suite 1
Sanford, Florida 32771

Fred R. Wilson Memorial
Law Library
301 North Park Avenue
Sanford, Florida 32771

(3) Related Organization

The County also appoints a voting majority of the governing board for the Seminole County Industrial Development Authority (Authority), which makes the Authority a related organization. However, the Authority is not considered a component unit since it is not financially accountable to or fiscally dependent on the Board.

B. Measurement Focus, Basis of Accounting and Basis of Presentation:

The accounts of the County are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The purposes of the County's various funds and account groups are as follows:

Governmental Funds - Governmental Funds are used to account for the County's general government activities and are accounted for on a "spending" or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. Accordingly, the reported undesignated fund balances are considered a measure of available, spendable or appropriable resources.

Governmental Fund Type operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balances.

All Governmental Funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become measurable and available. "Measurable" means the transaction amount can be determined and "available" means collectible within the current period or soon enough thereafter to pay for liabilities of the current period. The County considers most revenues as available if they are collected within 60 days after year end. Primary revenues, including taxes, intergovernmental revenues, charges for services, and interest are treated as susceptible to accrual under the modified accrual basis. Taxes billed in November are considered revenues of the new fiscal year, and are not delinquent until April of the following calendar year. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. The exceptions to this general rule are principal and interest on general long-term debt, which are recognized when due.

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Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Governmental funds include the following fund types:

General Fund - The General Fund is the general operating fund of the County. It is used to account for all financial resources, except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

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

Proprietary Funds - Proprietary Funds are accounted for using the accrual basis of accounting. Under this method, revenues are recognized when they are earned and expenses are recognized when they are incurred. All assets and liabilities are included on the balance sheet, and the reported fund equity (total reported assets less total reported liabilities) provides an indication of the economic net worth of the fund. Operating statements for the Proprietary Fund Types report increases (revenues) and decreases (expenses) in total economic net worth.

Proprietary funds include the following fund types:

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Internal Service Funds - Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County on a cost-reimbursement basis.

Fiduciary Funds - Fiduciary Funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

Fiduciary funds include the following fund types:

Agency Funds - Agency Funds are custodial in nature and do not present results of operations or have a measurement focus.

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Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the government holds for others in an agency capacity.

Expendable Trust Funds - Expendable Trust Funds are accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable trust funds account for assets where both the principal and interest may be spent.

Account Groups - The General Fixed Assets Account Group is used to account for all fixed assets of the County, except fixed assets of proprietary funds. The General Long-Term Debt Account Group is used to account for all the outstanding principal balances of general and special obligation bonds, notes, capital leases and compensated absences of the County, except obligations of proprietary funds.

The accompanying general purpose financial statements present the combined balance sheet and results of operations of the various fund types and account groups and the cash flows of the proprietary fund types for the funds controlled by the Board and the Constitutional Officers.

The Constitutional Officers, except for the Supervisor of Elections, maintain separate accounting records and budgets.

The Board funds a portion, or in certain instances, all of the operating budgets of the County's Constitutional Officers. The payments by the Board to fund the operations of the Constitutional Officers are recorded as "Operating Transfers Out" on the financial statements of the Board and as "Operating Transfers In" on the financial statements of the Constitutional Officers. Florida Statutes require the applicable budget excess of the Constitutional Officers be paid to the Board at the close of the fiscal year. Accordingly, such amounts are recorded as "Operating Transfers Out" by the Constitutional Officers and "Operating Transfers In" by the Board.

Segment information is reported for each of the County's Constitutional Officers within the General Fund. Eliminations of intragovernmental receivables, payables, and operating transfers have been made and are reported in the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

The accounting policies of the County are established to follow GAAP, as applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The County has elected not to apply Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989, as permitted by Statement No. 20 of the Governmental Accounting Standards Board (GASB), *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*.

The Governmental Accounting Standards Board ("GASB") has issued Statement of Governmental Accounting Standards No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* (SGAS 33), and Statement of Governmental Accounting Standards No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (SGAS 34), Statement of Governmental Accounting Standards No. 36, *Recipient Reporting for Certain Shared Nonexchange Revenues – an Amendment of GASB Statement No. 33* (SGAS 36), Statement of Governmental Accounting Standards No. 37, *Basic Financial Statements – and Managements' Discussion and Analysis – for State and Local Governments: Omnibus – an Amendment of GASB Statements No. 21 and No. 34* (SGAS 37), and Statement of Governmental Accounting Standards No. 38, *Certain Financial Statement Note Disclosures* (SGAS 38). The

County has not elected early implementation of Statement 34 in fiscal 2001. Statements 33 and 36 have been implemented as required.

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C. Cash and Investments:

The Board and the Clerk, for accounting and investment purposes, each maintain a pooled cash and investment account for all their funds. This gives them the ability to invest large amounts of idle cash for short periods of time and to maximize earning potential.

The "equity in pooled cash and investments" represents the amount owned by each fund of the Board and the Clerk. Interest earned from investments purchased with pooled cash is allocated to the individual funds monthly based on respective percentages of the average daily pooled cash and investment balance. Cash and investments of the Sheriff, Tax Collector, Property Appraiser, Port Authority, and Law Library, as well as some accounts of the Board are maintained in separate accounts and are reported as "other cash and investments."

Investments are comprised of repurchase agreements, obligations of the United States government, its agencies and instrumentalities, and funds on deposit with the State Board of Administration (SBA). All investments are stated at fair value.

Investment fair values are based on quoted market price except for SBA investments which are stated at share price. The SBA share price is substantially fair value.

The Local Government Surplus Funds Trust Fund is overseen by the SBA. The SBA is governed by Chapter 19-7 of the Florida Administrative Code and operational audits of activities and investments are conducted by the State of Florida, Office of the Auditor General.

For purposes of the statement of cash flows, the County and the Port Authority consider all highly liquid investments, including restricted assets, with a maturity of three months or less when purchased to be cash equivalents.

D. Accounts Receivable:

Water and Sewer Fund operating revenues are generally recognized on the basis of cycle billings rendered monthly. Revenues for services delivered during the last month of the fiscal year that have not been billed by September 30 are accrued based on meter readings for September consumption taken at the beginning of October and billed in October.

E. Deferred Revenue:

Deferred revenue reported in applicable Governmental Fund Types represents unearned revenues or revenues which are measurable but not available and, in accordance with the modified accrual basis of accounting, are reported as deferred revenue. The deferred revenues will be recognized as revenue in the fiscal year they are earned or become available.

F. Inventories and Prepaid Items:

Inventories in Governmental Fund Types are stated at cost (first-in, first-out) and consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are used (consumption method).

Inventories in the Enterprise Funds are stated at the lower of cost (first-in, first-out) or market and consist primarily of meters, meter boxes and supplies held for use in maintaining and expanding the system.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

G. Fixed Assets:

- (1) Fixed assets purchased in the Governmental Fund Types are recorded as capital outlay expenditures at the time of purchase. Such assets are capitalized at cost in the General Fixed Assets Account Group, except for public domain, ("infrastructure") such as, roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems. Donated and confiscated assets are recorded in the General Fixed Assets Account Group at their estimated fair market value at the time received.

Depreciation is not provided on general fixed assets.

The general fixed assets used in the operations of the Board, Property Appraiser, Tax Collector, Supervisor of Elections and Clerk of the Circuit Court are accounted for by the Board, who holds legal title and is accountable for them under Florida Law.

The Sheriff is accountable for, and thus maintains general fixed asset records pertaining to, equipment used in its operations. The carrying value of the assets of \$17,492,092 have been combined with the Board's general fixed assets in the General Fixed Assets Account Group at September 30, 2001.

- (2) Fixed assets of the Proprietary Fund Types of the County and the Port Authority are capitalized at cost when purchased. Donated assets are capitalized at their estimated fair market value at the date received. Depreciation is provided using the straight-line method of accounting. The estimated useful lives of the various classes of depreciable assets are as follows:

<u>ASSETS</u>	<u>YEARS</u>
Buildings and improvements	2 - 50
Machinery and equipment	1 - 22

H. Capitalization of Interest:

In accordance with Financial Accounting Standards Board (FASB) Statement No. 34, *Capitalization of Interest Cost*, the Enterprise Funds capitalize net interest costs on funds borrowed to finance the construction of fixed assets. Approximately \$1,800,000 was capitalized for the fiscal year ended September 30, 2001. The total interest paid by the Enterprise Funds for the fiscal year ended September 30, 2001 was \$5,995,486.

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I. Unamortized Capacity Rights:

Capacity rights consist of purchased rights to specified percentages in existing and future water and sewer treatment capacity as described in Note 5. The capacity rights are recorded at cost, including capitalized interest, and are amortized using the straight line method over the period expected to be benefited.

J. Unamortized Debt Issue Costs:

Bond insurance, legal fees and other costs associated with the issuance of the Enterprise Fund revenue bonds are recorded net of accumulated amortization and are amortized over the life of the debt using the effective interest method. The unamortized debt issue costs at September 30, 2001 for the Enterprise Fund of \$1,204,996 are netted against the long-term portion of revenue bonds payable.

K. Unamortized Bond Discount:

Bond discounts associated with the issuance of Enterprise Fund revenue bonds are amortized over the life of the bonds using the effective interest method. The unamortized discount at September 30, 2001 of \$1,336,744 is netted against the long-term portion of revenue bonds payable.

L. Unamortized Landfill Design Costs:

Unamortized landfill design costs consist of payments for engineering services to prepare a design for utilization of the County's landfill. The design costs are being amortized on a straight line basis over the estimated useful life of the landfill. Accumulated amortization through September 30, 2001 was \$294,856.

M. Encumbrances:

Encumbrances represent contractual commitments in the form of purchase orders and contracts. Encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

N. Insurance Claims Payable:

Insurance claims payable is an estimate for self-insured claims based on an actuarial determination.

O. Accumulated Unused Compensated Absences:

The County records compensated absences in the Governmental Fund Types as expenditures for the amount accrued during the year that would normally be liquidated with expendable available financial resources. The remainder of the liability is reported in the General Long-Term Debt Account Group. Proprietary Fund Types accrue compensated absences in the period they are earned.

P. Contributed Capital:

Contributed capital represents contributions from other County funds, developers, federal aid programs and connection fees charged to customers for initial hook-up to the County's water and sewer system. Depreciation expense on donated fixed assets and fixed asset additions financed by federal aid contributions is recorded as a reduction of contributed capital.

The County implemented Statement of Governmental Accounting Standards No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* (SGAS 33) as of October 1, 2000. Contributed capital received prior to October 1, 2000 remains in Contributed Capital. Contributed capital received during fiscal year 2001 is recorded as revenue in the Statement of Revenue, Expenses and Changes in Retained Earnings.

Q. Arbitrage Rebate Payable:

Arbitrage rebate payable represents estimated amounts payable to the federal government for interest earnings on bond proceeds in excess of amounts allowed under federal regulations.

R. Budgets and Budgetary Accounting:

The County uses the following procedures in establishing the budgetary data reflected in the financial statements for governmental fund type.

- (1) At various times the Constitutional Officers submit to the Board and to certain divisions within the Department of Revenue, State of Florida, a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- (2) The Department of Revenue, State of Florida, has the final authority on the operating budgets for the Tax Collector and Property Appraiser included in the General Fund.
- (3) On or before July 15 of each year, the County Manager, as the Board's designated budget officer, submits to the Board a tentative budget for the ensuing fiscal year. The tentative budget includes proposed expenditures and the means of financing them.
- (4) The Board can legally amend the budget to the extent deemed necessary, provided the budget remains in balance at the fund level and subject to the notice and hearings requirements of Section 200.065 of the Florida Statutes and the budget preparation and adoption procedures as defined in Section 129.03 of the Florida Statutes. County management, other than the Board, also cannot legally amend or transfer appropriations which exceed the budget at the fund level.
- (5) Public hearings are held pursuant to Section 200.065 of the Florida Statutes in order for the Board to adopt the tentative and final budgets.
- (6) Prior to October 1, the budget is legally enacted through passage of an ordinance setting forth anticipated revenues and appropriations by fund.

Applicable budgets of the Constitutional Officers are controlled by appropriations in accordance with budgetary requirements set forth in the Florida Statutes.

(7) Budgets are adopted for all Governmental Fund Types on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Operational budgets are also adopted for the Proprietary Fund type.

(8) Appropriations are legally controlled at the fund level. Formal budgetary integration is used as a management control device during the year for all Governmental Fund Types.

It is unlawful to expend or contract for an expenditure in any fiscal year more than the amount budgeted in each fund's budget pursuant to Chapter 129, Section 7 of the Florida Statutes. There are no County regulations which require compliance with amounts budgeted below the fund level.

(9) The County was in compliance with Chapter 129 for all funds for the year ended September 30, 2001.

(10) During the fiscal year ended September 30, 2001, various supplemental appropriations were approved by the Board in accordance with Florida Statutes.

Budgeted amounts as shown in the financial statements are as originally adopted and as further amended.

(11) Unexpended appropriations for the Board and Constitutional Officers lapse at the close of the fiscal year.

S. Comparative Data/Reclassifications:

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the government's financial position and operations. Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

T. Total Columns on Combined Statements - Overview:

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis.

2. DEPOSITS AND INVESTMENTS

Deposits:

County and component unit deposits at September 30, 2001 were covered by Federal Depository Insurance or the State of Florida collateral pool. The State of Florida collateral pool is a multiple financial institution pool with the ability to assess its members for collateral shortfalls if a member institution fails.

Investments:

The County and its component units are legally required to restrict investment of excess funds to securities backed by the U.S. Government, its agencies and instrumentalities, the State Board of Administration (SBA) Investment Fund, or overnight repurchase agreements.

SEMINOLE COUNTY, FLORIDA
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At September 30, 2001 the fair value of the County's investments classified as to their respective level of credit risk are as follows:

<u>COUNTY INVESTMENTS</u>	(Presented in Thousands)		<u>TOTAL</u>
	<u>CATEGORY 1</u>	<u>CATEGORY 2</u>	
Repurchase Agreements:			
Board	\$ -	\$ 8,197	\$ 8,197
Clerk	-	8,771	8,771
Tax Collector	-	<u>7,562</u>	<u>7,562</u>
	\$ -	\$ 24,530	\$ 24,530
U.S. Government Obligations:			
Board	<u>197,754</u>	-	<u>197,754</u>
	<u>\$197,754</u>	<u>\$ 24,530</u>	<u>\$222,284</u>
SBA Investments:			
Board			<u>\$224,765</u>
TOTAL COUNTY INVESTMENTS			<u>\$447,049</u>

The Port Authority and Law Library had no investments at September 30, 2001.

A summary of the level of credit risk assigned to the above investments is as follows:

Category 1 - Investments that are insured, registered or for which the securities are held by the County's custodial bank or other authorized agents in the County's name under a third-party safekeeping arrangement.

Category 2 - Investments that are uninsured and unregistered for which the securities are held by the County's depository trust department bank in the County's name.

SBA investments are not categorized because they are not evidenced by securities that exist in physical or book entry form. The SBA investment balance approximates cash and is the fair value, per share.

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The County's investments, stated at fair value, in U.S. Government obligations consist of U.S. Treasury Notes and Bonds, collateralized mortgage obligations and other mortgage-backed securities, summarized as follows as of September 30, 2001:

(Presented in Thousands)

	<u>FAIR VALUE</u>
U.S. Treasury Notes and Bonds	\$ 98,750
Collateralized Mortgage Obligations	1,053
Other Mortgage-Backed Securities	<u>97,951</u>
	<u>\$197,754</u>

The County's investments in U.S. Government and Agency obligations are designed to maximize yields while retaining necessary liquidity to meet operation needs. All such investments have an established value at maturity. Maturity dates for the U.S. Treasury Notes and Bonds range from five years or less, with the exception of a \$3,000,000 U.S. Treasury Bond that matures February 2023 and a \$1,000,000 Federal National Mortgage Association Note that matures June 2014 to coincide with a County's bonded debt obligation.

The maturity dates of the collateralized mortgage obligations vary due to the sensitivity of interest rates and mortgage prepayments. The current median average life estimate of this category is less than eight years. Other mortgage-backed securities consist of U.S. government instrumentalities notes with fixed and variable interest rates and due dates ranging from 3 to 30 years.

The County's investments in repurchase agreements and with the SBA can be withdrawn on a daily basis and, therefore, are considered liquid in nature.

3. PROPERTY TAXES - LIEN AND LEVY DATES

Both real and tangible personal property taxes are due and payable on November 1 of each year or as soon thereafter as the tax roll is certified by the Property Appraiser. The Tax Collector mails to each property owner on the tax roll a notice of taxes levied by the various governmental entities of the County.

Taxes may be paid upon receipt of such notice with discounts at the rate of four percent (4%) if paid in the month of November, three percent (3%) if paid in the month of December, two percent (2%) if paid in the month of January and one percent (1%) if paid in the month of February. Taxes paid during the month of March are without discount. All unpaid taxes on real and tangible personal property become delinquent on April 1 of the year following the year in which taxes were assessed.

Prior to May 1 of each year, a list of delinquent personal property taxpayers is advertised. Warrants are issued directing seizure and sale of the personal property of the taxpayer if the delinquent taxes are not paid before May 1. On or before June 1 of the year following the year in which taxes were assessed, tax certificates are sold on all real estate parcels with outstanding taxes. These parcels are advertised once a week for four weeks prior to the tax certificate sale.

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The key dates in the property tax cycle are as follows:

Assessment Date	January 1
Assessment roll validated	July 1
Millage Resolution approved	September 30
Beginning of fiscal year for which taxes have been levied	October 1
Tax bills rendered and due	November 1
Property taxes payable:	
Maximum discount	November 30
Delinquent	April 1
Tax Certificates sold (lien date)	May 31

Collections of County, municipal, and independent taxing district taxes and remittances are accounted for in the Tax Collector's Tax Fund (Agency Fund).

4. CHANGES IN GENERAL FIXED ASSETS ACCOUNT GROUP

A summary of changes in general fixed assets follows:

	BALANCE OCTOBER 1, 2000	ADDITIONS	DELETIONS	BALANCE SEPTEMBER 30, 2001
Land	\$ 30,984,710	\$ 2,625,274	\$ -	\$ 33,609,984
Building and improvements	83,755,259	538,070	-	84,293,329
Machinery and equipment	<u>75,414,878</u>	<u>7,550,692</u>	<u>5,290,618</u>	<u>77,674,952</u>
TOTAL	<u>\$190,154,847</u>	<u>\$10,714,036</u>	<u>\$5,290,618</u>	<u>\$ 195,578,265</u>

General fixed assets changes for the Sheriff included in the schedule above follows:

Machinery and equipment	<u>\$ 15,349,784</u>	<u>\$ 2,855,325</u>	<u>\$ 713,017</u>	<u>\$ 17,492,092</u>
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In addition, the Fred R. Wilson Memorial Law Library experienced the following general fixed asset activity:

Machinery and Equipment	<u>\$ 1,062,327</u>	<u>\$ 89,454</u>	<u>\$ -</u>	<u>\$ 1,151,781</u>
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5. UNAMORTIZED CAPACITY RIGHTS

Capacity rights at September 30, 2001 are as follows:

	<u>2001</u>
Expansion of the Iron Bridge Facility and sludge handling equipment	\$ 42,913,333
Improvements to the original Iron Bridge Facility	1,695,925
Water Master Plan	504,948
Water and sewer capacity purchased From Sanlando Utilities Corporation	386,160
Water and sewer capacity purchased From City of Lake Mary	2,489,295
Water and sewer capacity purchased From City of Sanford	2,601,878
Water and sewer capacity purchased From City of Altamonte Springs	138,900
Leachate treatment capacity purchased From the Water and Sewer Enterprise Fund	<u>330,000</u>
	\$ 51,060,439
Less: Accumulated amortization	<u>(16,965,378)</u>
NET UNAMORTIZED CAPACITY RIGHTS	<u>\$ 34,095,061</u>

The Iron Bridge Facility, Sanlando, Lake Mary, Sanford and Altamonte Springs capacity rights are being amortized over twenty-seven to thirty years, five to ten years, sixteen to twenty-one years, fifteen to twenty-five years, and twenty-five years, respectively. The Water Master Plan is amortized over ten years.

The Solid Waste Enterprise Fund capacity rights, comprised of the leachate treatment capacity purchased from the Water and Sewer Enterprise Fund, are being amortized over twenty-five years.

6. LANDFILL CLOSURE AND POSTCLOSURE CARE LIABILITY

The Florida Department of Environmental Protection (FDEP) requires the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense based on landfill capacity used as of the balance sheet date. The amount reported as landfill closure and postclosure care liability represent the cumulative portion of total estimated closure and postclosure care as of September 30, 2001, based on the use of 18.7% of the estimated capacity of the landfill. The County will recognize the September 30, 2001 remaining estimated cost of closure and postclosure care of \$29,032,000 as the remaining estimated capacity is filled. This amount is based on what it presently would cost to perform all closure and postclosure care at September 30, 2001. The County expects to close the landfill in the year 2040. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County is required by FDEP to annually calculate and maintain funds required to finance closure and postclosure care. The County is in compliance with these requirements, and at September 30, 2001 cash and investments of \$3,638,000 are held for these purposes. This is reported as restricted assets on the balance sheet.

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7. CHANGES IN GENERAL LONG-TERM DEBT ACCOUNT GROUP

A summary of changes in general long-term debt follows:

	<u>BALANCE OCTOBER 1, 2000</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE SEPTEMBER 30, 2001</u>
Bonds:				
General Obligation				
Bonds-				
Environmental				
Sensitive Lands				
Series 1996	\$15,635,000	\$ -	\$ 1,005,000	\$ 14,630,000
	<u>\$15,635,000</u>	<u>\$ -</u>	<u>\$ 1,005,000</u>	<u>\$ 14,630,000</u>
Special Revenue Bonds				
Sales Tax - 1996	\$ 3,075,000	\$ -	\$ 455,000	\$ 2,620,000
Sales Tax - 1998	23,860,000	-	105,000	23,755,000
Local Option				
Gas Tax - 1993	7,325,000	-	2,320,000	5,005,000
Road Bonds -				
Series 1992A	14,305,000	-	455,000	13,850,000
Road Bonds -				
Series 1992B	1,065,000	-	335,000	730,000
Tourist Development				
Bonds - 1992	2,075,000	-	125,000	1,950,000
	<u>\$51,705,000</u>	<u>\$ -</u>	<u>\$ 3,795,000</u>	<u>\$ 47,910,000</u>
Total Bonds	<u>\$67,340,000</u>	<u>\$ -</u>	<u>\$ 4,800,000</u>	<u>\$ 62,540,000</u>
Notes Payable:				
Towne Center Note				
Payable	\$ 677,992	\$ -	\$ 677,992	\$ -
Hunt's End Note				
Payable	267,243	-	38,313	228,930
MSBU Note Payable	180,557	-	61,506	119,051
Pooled Commercial				
Paper Note Payable	-	5,360,000	-	5,360,000
Total Notes Payable	<u>\$ 1,125,792</u>	<u>\$ 5,360,000</u>	<u>\$ 777,811</u>	<u>\$ 5,707,981</u>
Capital Leases:				
Board				
	\$ 77,640	\$ -	\$ 77,640	\$ -
Sheriff				
	1,036,838	1,048,788	296,238	1,789,388
Total Capital Leases	<u>\$ 1,114,478</u>	<u>\$ 1,048,788</u>	<u>\$ 373,878</u>	<u>\$ 1,789,388</u>
Accumulated Unused				
Compensated Absences:				
Board				
	\$ 6,549,951	\$ -	\$ 525,718	\$ 6,024,233
Elections Supervisor				
	82,246	-	19,307	62,939
Clerk				
	450,123	44,786	-	494,909
Sheriff				
	4,179,634	644,163	-	4,823,797
Tax Collector				
	165,460	19,872	-	185,332
Property Appraiser				
	263,979	40,734	-	304,713
Total Accumulated Unused	<u>\$11,691,393</u>	<u>\$ 749,555</u>	<u>\$ 545,025</u>	<u>\$ 11,895,923</u>
TOTALS	<u>\$81,271,663</u>	<u>\$ 7,158,343</u>	<u>\$ 6,496,714</u>	<u>\$ 81,933,292</u>

SEMINOLE COUNTY, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2001

8. GENERAL LONG-TERM DEBT

A. General Obligation Bonds:

At September 30, 2001, General Obligation Bonds consist of the following:

<u>DESCRIPTION</u>	<u>INTEREST RATES AND DATES</u>	<u>FINAL MATURITY</u>	<u>AMOUNT ISSUED</u>	<u>OUTSTANDING AT SEPTEMBER 30, 2001</u>
Environmental Sensitive Lands Series 1996	4.65% to 5.125% 4/1 and 10/1	4/1/2013	\$19,130,000	<u>\$14,630,000</u>

Environmental Sensitive Lands Refunding Bonds - 1996

The County issued on August 29, 1996 \$19,130,000 in General Obligation Environmental Sensitive Lands Refunding Serial Bonds with an average interest rate of 5.00 percent to advance refund \$13,140,000 of outstanding 1992 General Obligation Environmental Sensitive Lands Bonds with an average interest rate of 5.12 percent. The net proceeds of \$19,213,780 (after discount, debt service deposit, and payment of \$314,599 in underwriting fees, insurance and other issuance costs) along with \$398,369 from the County were deposited with the escrow agent to purchase U.S. Treasury Obligations and provide for all future debt service payments on the 1992 General Obligation Environmental Sensitive Lands Bonds and to establish an additional \$5,000,000 to be used for sensitive lands purchases. As a result, the 1992 Environmental Sensitive Lands Bonds are considered to be defeased and the liability for this series was removed from the general long-term debt account group. The 1992 General Obligation Environmental Sensitive Lands Bonds have since been called and paid in full.

SEMINOLE COUNTY, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2001

B. Special Revenue Bonds:

At September 30, 2001, Special Revenue Bonds consist of the following:

<u>DESCRIPTION</u>	<u>INTEREST RATES AND DATES</u>	<u>FINAL MATURITY</u>	<u>AMOUNT ISSUED</u>	<u>OUTSTANDING AT SEPTEMBER 30 2001</u>
1993 Local Option Gas Tax Refunding Bonds	2.50% to 5.00% 4/1 and 10/1	10/1/2003	\$21,990,000	\$ 5,005,000
1992A Gas Tax Revenue Refunding Bonds	3.00% to 6.375% 4/1 and 10/1	10/1/2018	\$17,510,000	13,850,000
1992B Gas Tax Revenue Refunding Bonds	2.80% to 5.60% 4/1 and 10/1	10/1/2003	\$ 3,460,000	730,000
1992 Tourist Development Revenue Bonds	2.75% to 6.00% 4/1 and 10/1	10/1/2012	\$ 2,895,000	1,950,000
1996 Sales Tax Revenue Bonds	5.00% to 5.75% 4/1 and 10/1	10/1/2026	\$25,750,000	2,620,000
1998 Sales Tax Revenue Bonds Refunding	3.30% to 4.63% 4/1 and 10/1	10/1/2026	\$24,060,000	<u>23,755,000</u>
				<u>\$47,910,000</u>

1. Local Option Gas Tax Refunding Bonds - 1993

On February 1, 1993, the County issued \$21,990,000 in Local Option Gas Tax Revenue Refunding Serial Bonds with an average interest rate of 4.18 percent to advance refund \$20,410,000 of outstanding 1988 Local Option Gas Tax Revenue Bonds with an average interest rate of 6.87 percent. The net proceeds were deposited with the escrow agent to purchase U.S. Treasury Obligations and provide for all future debt service payments on the 1988 Local Option Gas Tax Revenue Bonds. The defeased 1988 Local Option Gas Tax Revenue Bonds have since been called and paid in full.

2. Gas Tax Revenue Refunding Bonds, Series 1992A -

On June 1, 1992, the County issued \$17,510,000 in Gas Tax Revenue Refunding Serial Bonds, Series 1992A with an average interest rate of 5.62 percent to advance refund \$15,980,000 of outstanding 1988 State Board of Administration Road Bonds with an average interest rate of 7.24 percent. The net proceeds were deposited with the escrow agent to purchase U.S. Treasury Obligations and provide for all future debt service payments on the 1988 State Board of Administration Road Bonds. As a result, the 1988 State Board of Administration

Road Bonds were considered to be defeased and the liability for the bonds was removed from the general long-term debt account group. The defeased 1988 State Board of Administration Road Bonds have since been called and are paid in full.

3. Gas Tax Revenue Refunding Bonds, Series 1992B -

On July 1, 1992, the County issued \$3,460,000 in Gas Tax Revenue Refunding Serial Bonds, Series 1992B with an average interest rate of 4.65 percent to advance refund \$3,730,000 of outstanding 1973 State Board of Administration Road Bonds with an average interest rate of 5.0 percent. The net proceeds were deposited with the escrow agent to purchase U.S. Treasury obligations and provide for all future debt service payments on the 1973 State Board of Administration Road Bonds. As a result, the 1973 State Board of Administration Road Bonds were considered to be defeased and the liability for the bonds was removed from the general long-term debt account group.

No outstanding principal balance of the defeased 1973 State Board of Administration Road Bonds remains at September 30, 2001. The Gas Tax Revenue Refunding Bonds, Series 1992B were issued on a parity to the Series 1992A.

4. Tourist Development Tax Revenue Bonds 1992 -

On December 21, 1992 the County issued \$2,895,000 in Tourist Development Tax Revenue Serial Bonds with coupon interest rates ranging from 2.75% to 6.00% payable April 1 and October 1. The stated final maturity is October 1, 2012 with early redemption provisions at specific dates at call rates varying from 100% to 102% of the face value.

The County by Resolution has pledged the first two cents of the County's three cent enacted Tourist Development Tax. In addition, the County has pledged to appropriate amounts necessary to fund reserve amount deficiencies in its annual budget from other non-restricted, non-ad valorem revenues.

The Bond proceeds were utilized to acquire and construct a multi-purpose athletic facility.

5. Sales Tax Revenue Bonds, Series 1996 -

The County issued \$25,750,000 in Sales Tax Revenue Serial Bonds dated May 1, 1996 on May 30, 1996. The Sales Tax Revenue Bonds are payable solely from the County's share of the Half Cent Sales Tax Revenues levied pursuant to Florida Statutes. The proceeds from this bond issue will be used to provide sufficient funds to design, construct Health Department Building improvements, and to acquire an Automated Voting System and various radio and telecommunications equipment.

The bonds maturing on or after October 1, 2007 are subject to redemption prior to their respective maturities at the option of the County.

SEMINOLE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

6. Sales Tax Revenue Refunding Bonds, Series 1998 -

On October 15, 1998, the County issued \$24,060,000 of Sales Tax Revenue Serial Refunding Bonds, Series 1998, with an average interest coupon rate of 4.57 percent to advance refund a portion of the County's outstanding Sales Tax Revenue Bonds, Series 1996 and pay issuance costs. In addition, the County and the escrow agent entered into a Forward Service Agreement with an investment banker to defease a portion of the Sales Tax Revenue Bonds, Series 1996.

The advance refunding of the 1996 Sales Tax Revenue Bonds reduced the total debt service payments by \$949,300 and obtained an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$554,700.

C. Notes Payable:

1. Towne Center Note Payable -

On February 16, 1993, the County entered into an agreement with a shopping center developer for the purpose of funding certain road improvements.

The developer paid a portion of the design cost to four lane Rinehart Road, which the County has partially reimbursed through road impact fee credits. The County's remaining obligation is a note payable in the amount of \$1,374,716, which was paid, without interest, from Road Impact Fees and Local Option Gas Tax Revenues beginning April 15, 1999. The balance of \$677,992 was paid during the 2001 fiscal year.

2. Hunt's End Note Payable -

The County entered into an installment purchase agreement on March 19, 1996 for the purchase of real property to be used in connection with a Public Safety Complex project. The \$400,000 mortgage is being repaid in ten (10) annual installments at a simple interest rate of six percent (6%). The outstanding balance of \$228,930 remained at September 30, 2001.

3. MSBU Note Payable -

The County entered into a line of credit agreement with a banking institution on December 5, 1996 to provide financial resources for various planned capital improvements and public facilities. The note provides for draws against this \$3,000,000 line of credit to be repaid from non ad valorem revenues. Interest was at a fixed rate of 4.98% per annum through April 1, 2000 and has increased to 5.69%. The balance outstanding on this line of credit at September 30, 2001 was \$119,051.

4. Pooled Commercial Paper Note Payable –

The County entered into a Loan Agreement on August 9, 2001 for a principal sum of \$5,360,000 plus interest based on a variable, Commercial Paper Loan rate of 3.13% at September 30, 2001 plus letter of credit and other administrative fees.

SEMINOLE COUNTY, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2001

The loan proceeds are being used to finance the cost and expenses related to certain road paving projects and capital improvements to the Sheriff's Office/Public Safety Building. The balance of \$5,360,000 at September 30, 2001 will be reduced by varying annual principal reductions beginning December, 2001 and a final installment of \$2,160,000 due December, 2005.

D. Capital Leases Payable:

The County has entered into various lease purchase obligations for equipment recorded in the general fixed assets account group at approximately \$1,800,000. Interest rates range from 5.85 to 7.50 percent.

E. General Governmental Debt Service Requirements:

The annual debt service requirements to amortize General Long-Term Debt outstanding at September 30, 2001, excluding accumulated unused compensated absences, are as follows:

YEARS ENDING SEPTEMBER 30	GENERAL OBLIGATION BONDS	SPECIAL OBLIGATION BONDS	NOTES PAYABLE	CAPITAL LEASES	TOTAL
2002	\$ 1,737,709	\$ 6,474,991	\$ 890,040	\$ 657,357	\$ 9,760,097
2003	1,735,507	6,485,026	950,791	657,357	9,828,681
2004	1,730,209	3,383,189	1,017,323	561,745	6,692,466
2005	1,731,490	3,391,509	1,081,038	102,276	6,306,313
2006	1,729,019	3,389,556	2,281,937	-	7,400,512
2007-2011	8,611,440	16,955,410	-	-	25,566,850
2012-2016	1,712,794	16,007,960	-	-	17,720,754
2017-2021	-	11,714,575	-	-	11,714,575
2022-2026	-	9,035,350	-	-	9,035,350
TOTAL DEBT SERVICE	\$18,988,168	\$76,837,566	\$6,221,129	\$1,978,735	\$104,025,598
Less:					
Interest	<u>(4,358,168)</u>	<u>(28,927,566)</u>	<u>(513,148)</u>	<u>(189,347)</u>	<u>(33,988,229)</u>
Principal Due	<u>\$14,630,000</u>	<u>\$47,910,000</u>	<u>\$5,707,981</u>	<u>\$1,789,388</u>	<u>\$ 70,037,369</u>

10. REVENUE BONDS AND NOTES PAYABLE - ENTERPRISE FUNDS

A. County Revenue Bonds

1. Water and Sewer Revenue Refunding and Improvement Bonds, Series 1992

On January 13, 1993, the County issued \$79,185,000 in Water and Sewer Refunding and Improvement Serial Bonds, Series 1992 with an average interest rate of 5.877 percent to advance refund \$38,660,000 of outstanding 1987 Series bonds with an average interest rate of 6.97 percent, \$19,740,000 of outstanding 1989 Series bonds with an average interest rate of 7.08 percent and \$2,780,000 of outstanding 1985 Series bonds. The net proceeds of \$63,330,000 (after discount, reserve deposit; payment of \$1,435,000 in underwriting fees insurance and other issuance costs, a deposit of \$6,000,000 to finance the cost of certain additions, extensions and improvements to the County's water and sewer system plus an additional \$1,245,000 of sinking fund monies) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable

trust with an escrow agent to provide for all future debt service payments on the 1987 and 1989 Series bonds. As a result, the 1987 and 1989 Series were considered to be defeased, the 1985 series paid in full and the liability for these bonds was removed from the Water and Sewer Fund balance sheet. The balance of all defeased bonds have since been paid in full.

In July 1999, the County used approximately \$22,961,000 of surplus utility funds to defease approximately \$22,660,000 of the outstanding principal on the 1992 Series bonds, resulting in a partial defeasance of the 1992 bonds.

2. Water and Sewer Revenue Bonds, Series 1999

On June 15, 1999, the County issued \$43,435,000 in Water and Sewer Revenue Bonds, Series 1999, with an average interest rate of 5.400%. The net proceeds of approximately \$41,249,000 (after original issue discount of approximately \$558,000, a reserve deposit of approximately \$1,187,000, and payment of issuance and underwriting costs of \$441,000) will be used to pay costs of certain capital improvements to and extensions of the County's water and sewer system.

The 1999 Series Bonds include \$4,875,000 ("1999 Series Serial Bonds") which mature at differing dates, ranging from October 1, 1999 to October 1, 2014, and \$38,560,000 ("1999 Series Term Bonds") which matures on October 1, 2022.

The 1999 Series Serial Bonds maturing in the years 1999 to 2009, inclusive, are not redeemable at the option of the County prior to their stated dates of maturity. The 1999 Series Serial Bonds and the 1999 Series Term Bonds maturing on October 1, 2010 through and including October 1, 2022, may be redeemed prior to their stated dates of maturity, at the option of the County, at any time after October 1, 2009 at redemption prices of 101% (October 1, 2009 through September 30, 2010) or 100% (October 1, 2010 and thereafter).

The 1999 Series Term Bonds are subject to mandatory sinking fund redemption prior to maturity, at a redemption price of par plus interest accrued thereon to the date of redemption, on October 1, 2015, and on each October 1 thereafter.

3. Solid Waste Disposal System Revenue Refunding Bonds, Series 1993

On July 8, 1993, the County issued \$26,360,000 in Solid Waste Disposal System Serial Revenue Refunding Serial Bonds, (the "Series 1993 Bonds") to advance refund \$22,665,000 of outstanding Series 1990 Solid Waste Disposal System Revenue Bonds (the "Series 1990 Bonds"). The proceeds of \$25,349,439 (net of an original discount of \$938,915 and \$597,530 in underwriting, insurance and other issuance costs along with County funding of \$525,884) were deposited with the escrow agent to purchase U.S. Treasury Obligations and provide for all future debt service payments on the Series 1990 Bonds. As a result, these bonds are considered to be defeased and the liability for those bonds has been removed from the Solid Waste Fund.

The Series 1993 Bonds are payable solely from the net revenues of the solid waste disposal system. The Series 1993 Bonds bear interest rates of 2.7% to 5.25%, payable semiannually on each April 1 and October 1, and mature on October 1, 2020.

SEMINOLE COUNTY, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2001

The Series 1993 Bonds maturing on or after October 1, 2004 are subject to redemption prior to their respective stated dates of maturity at the option of the County at prices ranging from 100% to 102% of face value.

B. Port Authority

The Port Authority has entered into various notes and mortgages with several banking institutions. At September 30, 2001, the notes and mortgages, secured by leases, land, and buildings totaled \$1,432,881 plus interest ranging from 7.00% to 8.55%.

C. At September 30, 2001, Enterprise Funds Revenue Bonds consisted of the following:

<u>DESCRIPTION</u>	<u>INTEREST RATES AND DATES</u>	<u>FINAL MATURITY</u>	<u>AMOUNT ISSUED</u>	<u>AMOUNT OUTSTANDING</u>
1992 Water and Sewer Revenue Refunding Bonds	2.75% to 6.00% 4/1 and 10/1	10/1/2019	\$79,185,000	\$ 41,470,000
1999 Water and Sewer Revenue Bonds	3.40% to 5.38% 4/1 and 10/1	10/1/2022	\$43,435,000	43,020,000
1993 Solid Waste Disposal Revenue Refunding Bonds	2.70% to 5.25% 4/1 and 10/1	10/1/2020	\$26,360,000	<u>21,655,000</u>
Total Enterprise Fund Revenue Bonds Outstanding				\$106,145,000
Less: Current Portion				3,075,000
Unamortized Discount				1,336,744
Unamortized Issue Costs				<u>1,204,996</u>
Total Long Term Portion				<u>\$100,528,260</u>

SEMINOLE COUNTY, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2001

D. The annual debt service requirements to amortize the County Enterprise Funds Revenue Bonds outstanding at September 30, 2001 are as follows:

<u>Fiscal Year</u>	<u>WATER AND SEWER SERIES 1992</u>	<u>WATER AND SEWER SERIES 1999</u>	<u>SOLID WASTE DISPOSAL SERIES 1993</u>	<u>TOTAL</u>
2002	\$ 4,553,010	\$ 2,542,938	\$ 1,835,837	\$ 8,931,785
2003	4,548,530	2,542,278	1,831,088	8,921,896
2004	4,553,110	2,541,208	1,834,837	8,929,155
2005	4,548,585	2,544,448	1,835,631	8,928,664
2006	4,549,085	2,546,762	1,833,369	8,929,216
2007 - 2011	22,755,625	12,721,507	9,164,612	44,641,744
2012 - 2016	16,020,300	19,448,755	9,171,094	44,640,149
2017 - 2021	-	31,288,730	7,330,188	38,618,918
2022 - 2026	<u>-</u>	<u>5,000,044</u>	<u>-</u>	<u>5,000,044</u>
 TOTAL DEBT SERVICE	 \$ 61,528,245	 \$ 81,176,670	 \$ 34,836,656	 \$ 177,541,571
Less: Interest	<u>(20,058,245)</u>	<u>(38,156,670)</u>	<u>(13,181,656)</u>	<u>(71,396,571)</u>
Principal due	<u>\$ 41,470,000</u>	<u>\$ 43,020,000</u>	<u>\$ 21,655,000</u>	<u>\$ 106,145,000</u>

E. The annual debt service requirements to amortize the various notes and mortgages of the Port Authority outstanding at September 30, 2001 are as follows:

<u>YEAR</u>	<u>TOTAL</u>
2002	\$ 449,724
2003	224,220
2004	216,673
2005	209,127
2006	201,580
Thereafter	<u>569,645</u>
TOTAL DEBT SERVICE	\$1,870,969
Less: Interest	<u>438,088</u>
PRINCIPAL DUE	<u>\$1,432,881</u>

SEMINOLE COUNTY, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2001

11. CONTRIBUTED CAPITAL

Contributed capital balances for the year ended September 30, 2001 are as follows:

	<u>ENTERPRISE FUND</u>		<u>TOTAL</u>
	<u>WATER AND SEWER</u>	<u>SOLID WASTE DISPOSAL</u>	
Contributed Capital at the Beginning of the year	\$137,539,115	\$ 395,842	\$137,934,957
Depreciation	<u>(1,879,361)</u>	<u>(9,338)</u>	<u>(1,888,699)</u>
Contributed Capital at End of the Year	<u>\$135,659,754</u>	<u>\$ 386,504</u>	<u>\$136,046,258</u>

The County has implemented the Governmental Accounting Standards Board (GASB) Statement 33. Current contributions are recorded as current year revenues.

The Port Authority received a contribution of land and money valued at \$887,000 at its inception in 1965. The Port Authority received another \$40,000 in 2000 bringing the total to \$927,000.

12. DUE FROM/TO OTHER FUNDS

Amounts due to/from other funds at September 30, 2001 consist of the following:

	<u>DUE FROM OTHER FUNDS</u>	<u>DUE TO OTHER FUNDS</u>
<u>Governmental Funds:</u>		
General Fund	\$ 1,089,934	\$1,000,000
Special Revenue Funds		
County Commission Grant Fund	\$ -	\$1,000,000
Total Governmental Funds	<u>\$ 1,089,934</u>	<u>\$2,000,000</u>
<u>Proprietary Funds:</u>		
Enterprise Funds		
Water and Sewer	\$ 500,000	\$ -
Solid Waste	<u>500,000</u>	<u>-</u>
Total Proprietary Funds	<u>\$1,000,000</u>	<u>\$ -</u>
<u>Fiduciary Funds:</u>		
Property Taxes	\$ -	\$ 56,797
State Licenses	<u>-</u>	<u>33,137</u>
Total Fiduciary Funds	<u>\$ -</u>	<u>\$ 89,934</u>
Total All Funds	<u>\$2,089,934</u>	<u>\$2,089,934</u>

SEMINOLE COUNTY, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2001

13. INTRAGOVERNMENTAL RECEIVABLES AND PAYABLES

Intragovernmental receivables and payables are interfund transactions of county agencies. The intragovernmental receivables and payables by governmental and fiduciary fund types at September 30, 2001 consist of the following:

	<u>DUE FROM</u>	<u>DUE TO</u>
<u>General Fund</u>	<u>\$ 352,643</u>	<u>\$ 65,708</u>
<u>Special Revenue Funds:</u>		
County Transportation	\$ 20,541	\$ 877
Infrastructure Surtax	-	8
Tourist Development	109,043	-
Court Facilities	37,090	-
Criminal Justice Trust	36,751	595
Mediation/Arbitration	6,168	-
Fire	52,493	2,764
County Drug Abuse	5,344	-
Transportation Impact Fee Fund	-	38
MSBU	515	21
Street Lighting	3,800	143
Law Enforcement Trust Fund	2,361	-
Economic Development	208,763	-
Solid Waste MSBU	<u>26,225</u>	<u>1,413</u>
Total Special Revenue Funds	<u>\$ 509,094</u>	<u>\$ 5,859</u>
<u>Debt Service Funds:</u>		
Environmental Lands	<u>\$ 571</u>	<u>\$ -</u>
Total Debt Service Funds	<u>\$ 571</u>	<u>\$ -</u>
<u>Fiduciary Funds:</u>		
Fines, Jury, and Witness	\$ -	\$ 434,605
Property Tax	<u>-</u>	<u>356,136</u>
Total Fiduciary Funds	<u>\$ -</u>	<u>\$ 790,741</u>
Total All Funds	<u>\$ 862,308</u>	<u>\$ 862,308</u>

14. PENSION PLAN

Plan Description - The County, Port Authority and Law Library employees participate in the Florida Retirement systems (FRS), a multiple employer cost sharing defined benefit retirement system, administered by the Florida Department of Administration. As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida.

The State of Florida issues a publicly available report that includes financial statements and required supplementary information. The report is available by writing to Florida Retirement Systems, State of Florida, Tallahassee, Florida 32399-1560.

The FRS has five classes of membership with descriptions and contribution rates in effect during the period ended September 30, 2001 as follows (contribution rates equal actuarial determined rates).

Regular Class - Members not qualifying for other classes (7.30% rate).

Senior Management Service Class - Members of senior management who do not elect the optional annuity retirement program (9.28% rate).

Special Risk Class - Members employed as law enforcement officers, firefighters, or correctional officers and meet the criteria set to qualify for this class (18.44% rate).

Special Risk Administrative Support Class - Special risk members who are transferred or reassigned to non-special risk and meet the criteria (9.83% rate).

Elected State Officer's Class - Certain elected State and county officials (15.14% - 20.42% rates).

Benefits are established by Chapter 121, Florida Statutes, and Chapter 22B, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida Legislature. Benefits are computed on the basis of age, average final compensation, and service credit. Regular class employees who retire at or after age 62 with 10 years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation for each year of credited service. Vested employees with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special risk class employees (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with 10 years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation for each year of credited service. A post-employment health insurance subsidy is also provided to eligible retirement employees through the FRS in accordance with Florida Statutes.

Effective July 1, 1998, the Legislature established a Deferred Retirement Option Program (DROP). This program allows eligible employees to defer receipt of monthly retirement benefit payments while continuing employment with a Florida Retirement System employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the Florida Retirement System Trust Fund and accrue interest.

SEMINOLE COUNTY, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2001

Funding Policy - The County, Port Authority, and Law Library contributions to the FRS were equal to the required contribution for each fiscal year. Contributions for fiscal year ending September 30, 1999 through 2001, for the primary government and component units, were as follows:

<u>FISCAL YEAR</u>	<u>COUNTY</u>	<u>LAW LIBRARY</u>	<u>PORT AUTHORITY</u>	<u>TOTAL ENTITY</u>
2001	\$11,304,649	\$ 5,272	\$ 11,757	\$11,321,678
2000	\$11,172,711	\$ 4,863	\$ 32,692	\$11,210,266
1999	\$13,721,806	\$ 8,127	\$ 27,830	\$13,757,763

The County has historically contributed amounts equal to the required contributions and therefore, does not have a pension asset or liability, as determined in accordance with GASB Statement Number 27.

15. SELF-INSURANCE PROGRAM

The County is fully insured for health and life claims and maintains a self-insurance program for workers' compensation, property, general and automobile liability claims.

The self-insurance program currently covers workers' compensation claims with the County's retention being \$100,000 per claim, and an excess policy that covers the balance of the claim up to the State of Florida's Statutory limit.

General and auto liability are limited to sovereign immunity limits which are currently \$100,000 per person and \$200,000 per occurrence. The County is responsible for \$100,000 per occurrence, with excess coverage providing the balance of coverage per occurrence. Federal and out of state claims, not subject to sovereign immunity, are covered up to \$5,000,000 per occurrence, with the County being responsible for \$100,000 per occurrence.

County owned property is covered for up to \$205,500,000 per occurrence, with the County being responsible for \$100,000 per occurrence.

The County also has annual aggregate protection. If the County's self-insured retention for claims occurring within that claim year total the maximum loss fund amount, an excess policy pays the County's self-insured retention for any additional claims that occur in that fiscal year, up to a maximum of \$5,000,000.

All self insurance activity is accounted for in the insurance internal service fund. The claims liability (including a provision for incurred but not reported claims), based on an actuarial determination, amounted to \$1,985,030 at September 30, 2001. Changes in the fund's claims liability fiscal year 2001 and 2000 were:

<u>FISCAL YEAR</u>	<u>BEGINNING BALANCE</u>	<u>CLAIMS AND CHANGES IN ESTIMATES</u>	<u>LESS CLAIMS PAYMENTS</u>	<u>ENDING BALANCE</u>
2001	\$2,356,625	\$1,565,855	\$1,937,450	\$1,985,030
2000	\$2,294,721	\$1,721,746	\$1,659,842	\$2,356,625

Insurance settlements have not exceeded coverage in any prior fiscal year.

SEMINOLE COUNTY, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2001

16. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The County maintains two Enterprise Funds which provide water and sewer and solid waste disposal services. In addition, the discretely presented Seminole County Port Authority is accounted for as an Enterprise Fund. Segment information for the fiscal year ended September 30, 2001 follows:

	<u>WATER AND SEWER</u>	<u>SOLID WASTE</u>	<u>PORT AUTHORITY</u>	<u>TOTAL</u>
Operating Revenues	\$ 23,389,800	\$10,892,815	\$1,449,000	\$ 35,731,615
Depreciation and Amortization	\$ 7,223,373	\$ 2,127,529	\$ 260,116	\$ 9,611,018
Operating Income	\$ 3,877,335	\$ 2,276,321	\$ 724,742	\$ 6,878,398
Net Income	\$ 6,280,001	\$ 2,877,740	\$ 618,325	\$ 9,776,066
Current Capital Contributions	\$ 14,419,939	\$ -	\$ -	\$ 14,419,939
Fixed assets:				
Additions	\$ 21,268,885	\$ 772,308	\$ 238,750	\$ 22,279,943
Deletions	\$ 394,740	\$ 911,033	\$ -	\$ 1,305,773
Net Working Capital	\$ 5,237,471	\$19,733,880	\$ 511,969	\$ 25,483,320
Total Assets	\$284,480,840	\$54,839,203	\$7,753,181	\$347,073,224
Long-term Liabilities	\$ 80,798,183	\$24,864,790	\$1,081,335	\$106,744,308
Total Equity	\$192,342,471	\$28,675,146	\$6,151,097	\$227,168,714

SEMINOLE COUNTY, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2001

17. CONDENSED INFORMATION FOR COMPONENT UNITS

The County has two discretely presented component units as explained in Note 1. The following is an explanation of the combined balance sheet column totals located on pages 35 and 37:

	<u>LAW LIBRARY</u>		<u>PORT</u>	<u>COMPONENT</u>
	<u>GOVERNMENTAL ACCOUNT</u>	<u>ACCOUNT</u>	<u>AUTHORITY</u>	<u>UNITS</u>
	<u>FUND</u>	<u>GROUP</u>		<u>TOTAL</u>
<u>ASSETS</u>				
Cash and Investments	\$ 332,104	\$ -	\$ 1,016,660	\$ 1,348,764
Accounts Receivable	-	-	16,058	16,058
Restricted Cash-Deposits	-	-	99,419	99,419
Land	-	-	1,111,440	1,111,440
Building and Improvements	-	-	8,085,111	8,085,111
Machinery and Equipment	-	1,151,781	692,337	1,844,118
Construction in Progress	-	-	1,000	1,000
Accumulated Depreciation	-	-	(3,268,844)	(3,268,844)
TOTAL ASSETS	<u>\$ 332,104</u>	<u>\$1,151,781</u>	<u>\$ 7,753,181</u>	<u>\$ 9,237,066</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 24,340	\$ -	\$ 41,870	\$ 66,210
Accrued Liabilities	11,161	-	27,914	39,075
Deposits	-	-	99,419	99,419
Notes Payable	-	-	1,432,881	1,432,881
TOTAL LIABILITIES	<u>\$ 35,501</u>	<u>\$ -</u>	<u>\$ 1,602,084</u>	<u>\$ 1,637,585</u>
<u>FUND EQUITY AND OTHER CREDITS</u>				
Investment in General				
Fixed Assets	\$ -	\$1,151,781	\$ -	\$ 1,151,781
Contributed Capital	-	-	927,000	927,000
Retained Earnings - Unreserved	-	-	5,224,097	5,224,097
Fund Balance - Unreserved	<u>296,603</u>	<u>-</u>	<u>-</u>	<u>296,603</u>
TOTAL EQUITY AND OTHER CREDITS	<u>\$ 296,603</u>	<u>\$1,151,781</u>	<u>\$ 6,151,097</u>	<u>\$ 7,599,481</u>
TOTAL EQUITY AND LIABILITIES	<u>\$ 332,104</u>	<u>\$1,151,781</u>	<u>\$ 7,753,181</u>	<u>\$ 9,237,066</u>

The Law Library component unit statement of revenues, expenditures and changes in fund balance is located on page 39.

The statements of operations and cash flows information for the Port Authority are located on page 44 and page 47, respectively.

SEMINOLE COUNTY, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2001

18. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

The County is not obligated to provide post-employment benefits, other than the pension plan described in note 14.

19. COMMITMENTS AND CONTINGENCIES

South Seminole and North Orange County Wastewater Transmission Authority - The County is a member of the South Seminole and North Orange County Wastewater Transmission Authority (the Authority), enacted by the State Legislature to oversee the transmission of wastewater through the Northerly Interceptor System to the City of Orlando's Iron Bridge Facility. In accordance with the terms of the uniform interlocal agreement between the Authority and the County, dated September 10, 1981, the County has agreed to establish a user charge system sufficient to pay those charges of the Authority, including system operation and maintenance costs, system administrative costs, debt service requirements and other payments necessary to meet covenants and hydraulic peaking factor surcharge, if any.

The following summarizes the charges paid to the Authority during the year ended September 30, 2001:

Debt service	\$ 150,709
Operation and maintenance	<u>134,712</u>
Total	<u>\$ 285,421</u>

The above charges are included in operating expenses of the Water and Sewer Fund.

The interlocal agreement shall remain in force until all of the City of Orlando Sewer Revenue Bonds, Series 1978 and the Authority Sewer Revenue Bonds, Series 1981 have been paid in full.

The future committed costs relating to the Authority are as follows:

<u>Fiscal Year</u>	<u>Authority</u>
2002	\$ 151,890
2003	151,746
2004	<u>151,085</u>
	\$ 454,721
Less: Interest	<u>66,023</u>
Total	<u>\$ 388,698</u>

SEMINOLE COUNTY, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2001

Iron Bridge Facility - The County and the City of Orlando entered into an intergovernmental agreement on June 8, 1977. The agreement, as amended, provides for the establishment and operation of the Iron Bridge Facility, located in Seminole County, which is owned and operated by the City of Orlando. The County has agreed to deliver a committed flow of 3.5325 million gallons of wastewater per day to the Iron Bridge Facility and to pay user charges and a common facilities debt serve charge on a monthly basis. The County has an option to continue utilizing its current level of capacity rights after expiration of the agreement, which occurs on June 8, 2007 or, if earlier, upon retirement of the 1978 sewer revenue bonds issued by the City of Orlando.

The County paid the City of Orlando approximately \$1,249,983 for user charges during the fiscal year ended September 30, 2001. Such charges are included in operating expenses of the Water and Sewer Fund.

Commitment to Purchase Water Service Capacity

The County has entered into various agreements which require the County to purchase minimum usage of water service capacity in the normal course of business.

Commitments for Economic Development Incentives

The County has established a special revenue fund to promote and encourage certain industries to relocate or to expand in Seminole County. The County has entered into various incentive agreements to promote employment and economic development. These businesses will be reimbursed for specified costs as they relocate and comply with various income levels and employment criteria.

Commitments for Utility Relocations

The County has entered into various construction and design contracts, with remaining commitments of approximately \$2,229,900 for road utility relocations scheduled for construction at September 30, 2001.

Contingencies for Pending Litigation

The County is the defendant in several litigations as the result of road acquisitions, condemnations, fee assessments, and planning and zoning decisions.

21. LEASED PROPERTY

On April 1, 1998, the County entered into non-cancelable lease commitments for administrative facilities commencing September 4, 1998 and expiring March 1, 2004. The following are minimum future lease obligations by fiscal year.

2002	\$ 121,696
2003	121,696
2004	<u>60,848</u>
TOTAL	<u>\$ 304,240</u>

The minimum obligation for each year will increase by a ratio (percent) of the price index as of March 30 from the preceding year, not to exceed 5%.

SEMINOLE COUNTY, FLORIDA
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 FOR THE YEAR ENDED SEPTEMBER 30, 2001

The Port Authority is the lessor of certain land, buildings and office equipment. The leases are monthly and can extend to five years, are non-cancelable, and include inflation adjustment clauses. Property held by the Port Authority for leasing purposes at September 30, 2001 is as follows:

Land	\$ 432,834
Buildings	8,670,960
Land Improvements	617,557
Leasehold Improvements	<u>120,687</u>
	\$ 9,842,038
Less Accumulated Depreciation	<u>(3,238,321)</u>
Carrying Value	<u>\$ 6,603,717</u>

Minimum lease receipts due for future years are as follows:

2002	\$ 555,349
2003	80,400
2004	64,884
2005	59,988
2006	<u>42,000</u>
Total	<u>\$ 802,621</u>

22. RESTATEMENTS

The County has restated the beginning fund balances of several funds resulting from changes in accounting principles.

Implementation of the Governmental Accounting Standards Board's (GASB) Statements 33 and 36 related to reporting of certain shared nonexchange transactions resulted in timing differences and changes for half-cent sales tax collections in the General Fund. Gasoline Tax and Tourist Tax receipts were restated in the Special Revenue Funds. Ambulance fees and related accounts receivable were recorded in the Fire Protection Special Revenue Fund.

In addition, the Sheriff changed the method for reporting the inventory of certain medical and operating supplies from the consumption to purchase method and an accrual correction was made in the Board's General Fund.

23. SUBSEQUENT EVENTS

Environmental Sensitive Lands – Series 2001

On October 9, 2001, the County issued \$18,900,000 in General Obligation Environmental Sensitive Lands Bonds – 2001 with an average interest rate of 3.956 percent. The Series 2001, serial bonds with coupon interest ranging from 3.000% to 4.375% are payable semi-annually April 1 and October 1. The stated final maturity is April 1, 2013. Bonds maturing on or after April 1, 2011 may be redeemed at full value together with accrued interest. The net proceeds were deposited to a Capital Projects Fund to acquire, preserve and restore parcels located in proximity to environmentally sensitive waters within the County.

Sales Tax Revenue Bonds – Series 2001

On November 27, 2001, the County issued \$47,975,000 in Sales Tax Revenue Serial Bonds with coupon interest ranging from 2.600 percent to 5.375 percent and an average interest rate of 4.856 percent. Interest is paid semi-annually on April 1 and October 1 with the final maturity, October 2021. The proceeds will be used to finance a portion of the cost of design, acquisition and construction of the Courthouse expansion and renovation project.