DELTONA CORP
Form 10-K
March 29, 2001

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)
(X) ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED]

For the fiscal year ending December 31, 2000

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]
For the transition period from _________ to ___________

Commission file number 1-4719

THE DELTONA CORPORATION
(Exact name of registrant as specified in its charter)

DELAWARE	59-0997584
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
8014 SW 135th Street Road Ocala, FL	34473
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (352) 307-8100

Securities registered pursuant to Section 12(g) of the Act:

COMMON STOCK, $1 PAR VALUE
(Title of Class)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ___

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendments to this Form 10-K. [ ]

State the aggregate market value of the voting stock held by non-affiliates of the Registrant: $770,000 (based upon the average price of such stock as traded over-the-counter ($.22) at December 31, 2000 multiplied by the 3,498,836 shares of stock owned by non-affiliates, excluding voting stock held by directors, executive officers and beneficial owners of more than 10% of the Registrant's voting stock ; however, this does not constitute an admission that any such holder is an "affiliate" for any purpose.)

Indicate the number of shares outstanding of the Registrant's classes of common stock, as of the latest practicable date: 13,544,277 shares of common stock, $1 par value, as of March 16, 2001, excluding 12,228 shares held in treasury.

DOCUMENTS INCORPORATED BY REFERENCE

Document	Incorporated Part(s)
* Registrant's 2000 Annual Meeting Proxy Statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A	Part III

THE DELTONA CORPORATION

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ITEMS 1 AND 2

BUSINESS

General

The Company was founded in 1962 and is principally engaged in the development and sale of Florida real estate, through the development of planned communities on land acquired for that purpose. The Company offers single-family lots and multi-family and commercial tracts for sale, in communities designed by the Company. The Company is the developer of eleven planned communities in Florida, including TimberWalk, which is located in the western portion of Marion Oaks. Seven communities are completed and four are in various stages of development. The Company plans, designs and develops roads, waterways, recreational amenities, grading and drainage systems within these communities. Since 1962, the Company has sold over 157,000 single-family lots and multi-family and commercial tracts in its communities, in addition to over 13,000 single-family homes and over 4,300 multi-family housing units.

The Company's land holdings in Florida include an inventory of approximately 16,548 unsold platted single-family and multi-family lots and commercial tracts. (Platting is the process of recording, in the public records of the county where the land is located, a map or survey delineating the legal boundaries of the lots and tracts.) See "Real Estate: Land".

The Company also operates other businesses related to its real estate activities, such as a title insurance company and a real estate brokerage company. In addition, the Company has designed and constructed country clubs, golf courses and other recreational amenities at its communities, and operated such amenities until their conveyance or sale.

Historically, the Company had designed, constructed and operated utility systems for the distribution of water and LP gas and for the collection and treatment of sewage, primarily at the Company's communities. However, on June 6, 1989, Topeka Group Incorporated ("Topeka"), a subsidiary of Minnesota Power & Light Company ("MPL"), exchanged the Company's Preferred Stock which it acquired in November, 1985 for the Company's utility subsidiaries. The Company entered into a Developer Agreement for each of its communities, which provides the policies for water and sewer utility services to the Company and the Company's customers.

The Company is incorporated in Delaware and has its principal office at 8014 SW 135th Street Road, Ocala, Florida 34473. Its telephone number is (352)307-8100. The Company, as used herein, refers to The Deltona Corporation and, unless the context otherwise indicates, its wholly-owned subsidiaries.

Recent Developments

During 2000, Swan Development Corporation ("Swan") continued to loan the Company funds to meet its working capital requirements. The Company's outstanding debt to Swan, which is secured by a second lien on the Company's receivables, was $5,399,000 as of December 31, 2000. The Company signed a promissory note to Swan in March 1999 which provides that funds advanced by Swan will be paid back by the Company monthly in contracts receivables at 90% of face value, with recourse. There will be no interest for the first six months after an advance of money is received from Swan by the Company; thereafter the interest shall be 6% per annum on the outstanding balance of the advance. Effective January 1, 2001 and semi-annually thereafter, the interest rate will be adjusted to equal the prime rate then in effect. Each time an advance is made, a supplemental note is signed. The amount of each monthly payment will vary and will be dependent upon the amount of contracts receivable in the Company's portfolio, excluding contracts receivable held as collateral for prior receivable sales. Pursuant to the terms of the promissory note, the Company is required to transfer to Swan monthly as debt repayment all current contracts receivable in the Company's portfolio in excess of the aggregate sum of $500,000. Funds advanced by Swan were used by the Company to pay outstanding real estate taxes for unsold properties with the balance to meet the Company's working capital requirements.

Real Estate

The Company is primarily involved with the development and marketing of planned communities in Florida since 1962. The following table sets forth certain information about these communities and other land assets of the Company as of December 31, 2000. For a detailed description of these communities, see "Existing Communities" and "Other Properties".

Existing Communities

						Unsol Lots
	Acreage In Masterplan	Initial Acquisition Year	Year Opened	Estimated Current Population	Platted Lots & Tracts in Masterplan (a)	Unimproved (a) (b)
* Deltona Lakes	17,203	1962	1962	73,290	34,964	--
* Marco Island(c)	7,844	1964	1965	43,700	8,657	--
* Spring Hill(d)	17,240	1966	1967	76,300	32,909	--
* Citrus Springs(e)	15,954	1969	1970	6,950	33,783	--
St. Augustine Shores....	1,985	1969	1970	7,730	3,130	--
Sunny Hills	17,743	1968	1971	1,410	26,251	12,478
* Pine Ridge	9,994	1969	1972	3,800	4,833	--
Marion Oaks(e)(f)	14,644	1969	1973	8,560	27,537	2,683(f)
* Seminole Woods	1,554	1969	1979	530	262	--
There is no unplatted acreage in any community						
Joint Venture Community:						
* Tierra Verde	666	1976	1977	5,530	1,036	--
Total	104,827			222,270	173,362	15,161

Other Properties

	Initial Acquisition Year	Acres

Other Land Assets:		
Other land adjacent to existing communities(h)..	Various	92
		--
Total.....		92
		==

Land

In selecting sites for its communities, the Company examined various demographic and economic factors, the regulatory climate, the availability of governmental services and medical, educational and commercial facilities, and estimated development costs. Its communities are accessible to major highways and Florida's major metropolitan areas and are near at least one large body of water that can be used for recreational purposes. Other criteria used by the Company in site selection are the suitability of the land for natural or engineered drainage and the availability of a sufficient supply of potable water to support the community's anticipated population.

The master plans of the Company's communities have been designed to provide for amenities such as golf courses, greenbelt areas, parks and recreational areas, as well as for the basic infrastructure, such as roads and water, and in selected development areas, sewer lines. Sites are set aside for shopping centers, schools, houses of worship, medical centers and public facilities such as libraries and fire stations.

In its major planned communities, the Company offers for sale lot and house "packages" situated on paved streets. In other areas of these communities, the Company historically has sold single-family lots and multi-family and commercial tracts on an installment basis. Prior to 1991, the Company sold such land, subject to a future development obligation, accepting down payments as low as 5% of the sales price, with the balance payable over periods ranging from 2 to 15 years, depending on the payment plan selected. When the applicable rescission period expired and the Company received at least 10% of the contracted sales price, a substantial portion of the revenue and related profit on the sale was recognized, with the remaining revenue and profit deferred and recognized as land improvements such as street paving occurred.

Due to various factors, since 1986, the Company had utilized a deed and mortgage format for effecting certain sales in its communities. Beginning September 29, 1990, the Company changed its method of recognizing land sales by recording the sale of lots, subject to a future development obligation, under the deposit method; since January 1, 1991, no sale has been recognized until the Company receives at least 20% of the contracted sales price; and beginning in the fourth quarter of 1991, the Company limited the sale of lots to those which front on a paved street and are ready for immediate building. See Note 1 to Consolidated Financial Statements.

A portion of the contract purchase price is discounted and treated as interest income to be amortized over the life of the contract. Interest income is also earned in accordance with the interest rate stated in the installment land sales contract or promissory note. The Company further provides an allowance for contract cancellations based on the historical experience of the Company for such cancellations.

Substantially all of the Company's single-family lot and multi-family and commercial tract sales have been made on an installment basis. Of the over 157,000 lots and tracts sold since the Company's inception, 346 contracts receivable presently exist with respect to lots and tracts with an outstanding balance of approximately $2,109,000 at December 31, 2000, excluding contracts receivable of which the Company is a guarantor. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 2 to Consolidated Financial Statements.

Housing

Historically, the Company has been involved in the design, construction and marketing of single-family homes and multi-family housing, including both condominium apartment complexes and a vacation ownership (timesharing) project. Since commencing operations, the Company has constructed and sold over 13,000 single-family homes and over 4,300

multi-family housing units in its communities, with much of the actual construction performed by subcontractors. Revenues, as well as related costs and expenses, from single-family home and vacation ownership sales are recorded at the time of closing.

Single-Family Housing

The Company's homes, constructed by an independent builder, are designed to fit the needs and wants of a variety of housing customers: models range from 1,692 square feet to 2,895 square feet. From the smallest home to the largest, these homes feature 2 car garages, cathedral ceilings over the main living areas, ceramic tile foyers, plant shelves, large fully equipped kitchens (most with breakfast nooks or good morning rooms), fully enclosed laundry centers, impressive master suites with walk-in closets and large bedrooms. A model center is open at Marion Oaks. Houses are sold with the lot included in the sales price; however, the Company also offers a "build on your own lot" program for those purchasers who have previously acquired a lot. The FeatherNest Housing Village in Marion Oaks, where the lot is included in the price of the home, is owned by Conquistador Development Corporation and marketed by the Company. All housing sales are made within the local market and through the Company's independent dealer network. See "Management's Discussion and Analysis of Financial Condition and Results of Operations".

The Company is directing a greater portion of its marketing efforts to the sale of lots with homes or lots with compulsory building obligations to offset the negative cash effects of installment land sales, where the purchase price of the lot is paid over several years and there is no commitment to build.

Multi-Family Housing

The Company has designed, constructed and sold more than 4,300 condominium apartment units at its communities in buildings ranging from garden-style apartment complexes to luxury high-rise towers. Every condominium complex constructed by the Company includes at least one pool and patio area; many feature tennis courts and other recreational amenities.

The Company's limited inventory of multi-family housing is at its vacation ownership complex, The Surf Club, located on the Gulf of Mexico at Marco Island. The bulk of its inventory at The Surf Club was sold prior to 1990.

Marketing

The Company has historically sold land and housing on a national and international basis through independent dealers in the United States, Canada and overseas, as well as through Company-affiliated salespeople. For the year ended December 31, 2000, sales by independent dealers in the United States accounted for approximately 100% (in dollar volume) of new land sales contracts; while overseas dealers accounted for a fraction of a percent.

Existing Communities

Deltona Lakes

Deltona Lakes is located 26 miles northeast of Orlando, with its popular tourist attractions of Disney World and Sea World, and is bordered on the northwest by Interstate 4. Opened in 1962, Deltona Lakes now has a population of approximately 73,290. Over 30,000 lots and tracts and over 4,500 single and multi-family housing units have been sold at this community.

Recreational amenities constructed by the Company include tennis courts, a golf course and country club (which were sold in 1983), and a recreational complex on the shores of Lake Monroe. A 133-room motel, an industrial park, a medical complex, several shopping centers, numerous houses of worship, a fire station, a public library and schools are located in the community. The Company has completed development of this community.

Marco Island

The Company's resort community of Marco Island is located 104 miles west of Miami and approximately 17 miles south of Naples, Florida. Over 8,500 lots and tracts and over 4,200 single and multi-family housing units have been sold in this community.

More than 43,700 persons reside at Marco Island, including a population which more than triples during the winter season. It is the largest of Florida's Ten Thousand Islands and is known for its recreational amenities which, in addition to its 3 1/2 mile white sand beach, sport fishing, sailing and shelling, include golf, tennis, swimming and other recreational activities. The island community has several major shopping centers, banks and savings & loan associations, and medical and professional centers.

Since the community's opening in January, 1965, the Company has built and operated a yacht club and marina, the Marco Beach Hotel & Villas, and a golf course and country club, all of which have been sold. The Company has also constructed and sold over 3,300 condominium units on the island and The Surf Club, a 44 unit vacation ownership complex. In 1990, the Company completed the sale of substantially all of its remaining vacation ownership weeks at The Surf Club.

Spring Hill

Spring Hill, with an estimated population of over 76,300, is located 45 miles north of Tampa-St. Petersburg. Over 32,000 lots and tracts and over 4,000 single-family homes have been sold in this community. The Company has constructed a recreation complex, a country club, and two golf courses, which have been sold. Several shopping centers and medical centers, schools, numerous houses of worship and fire stations are located in the community. The Company has completed the development of this community.

Citrus Springs

Citrus Springs, with an estimated population of over 6,950, is located 28 miles southwest of Ocala and 25 miles from the Gulf of Mexico. Over 30,000 lots and tracts and over 700 single-family homes have been sold at this community. A golf course and a clubhouse (sold in 1990) and a community center have been completed by the Company. Several churches, schools and a convenience shopping area are located in the community. In 1992, most of the Company's remaining inventory at this community was sold to Citony Development Corporation ("Citony") for approximately $6,500,000. The Company provides miscellaneous administrative assistance and loan servicing to Citony for a fee.

In February 1997, the Company finalized the sale of the undeveloped second Citrus Springs Golf Course to a third party, which completed the golf course ("El Diablo") in 1998. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" .

St. Augustine Shores

St. Augustine Shores, with a population estimated to be over 7,730, is located seven miles south of St. Augustine, between the Intracoastal Waterway and U.S. Highway 1. Over 2,000 single and multi-family housing units and lots and tracts have been sold. In December 1997, the Company sold all of its remaining inventory at St. Augustine Shores to Swan Development Corporation ("Swan"). As part of the purchase, Swan assumed the liability for completing improvements within St. Augustine Shores.

Certain common areas of the community, such as parks and swale areas, are maintained by the St. Augustine Shores Service Corporation, a non-profit corporation, of which all property owners are members. Several houses of worship, shopping facilities, a recreational building and a golf and country club are also located in the community.

Sunny Hills

Sunny Hills, with a population of over 1,410 residents, is located in the Florida Panhandle, 45 miles north of the Gulf of Mexico and 35 miles north of Panama City. Over 12,000 lots and tracts and 300 single-family homes have been sold at this community. The community includes a golf course and country club, which was sold by the Company, several houses of worship and convenience shopping.

Pine Ridge

Pine Ridge, with a population of approximately 3,800, is located 34 miles southwest of Ocala. The community's facilities include an equestrian club and tennis courts. The Company sold over 3,500 lots and tracts and more than 53 single-family homes in Pine Ridge prior to the sale of its remaining inventory in 1987.

Marion Oaks

Marion Oaks, with a population of over 8,560 residents, is located 18 miles south of Ocala. Over 23,000 lots and tracts have been sold in the community. The community includes playgrounds, two golf courses (both of which are owned by third parties), several recreation buildings, community shopping centers and several houses of worship. In addition, this community is home to the Company's corporate headquarters.

The Company's homes, constructed by an independent builder, are designed to fit the needs and wants of a variety of housing customers: models range from 1,692 square feet to 2,895 square feet. From the smallest home to the largest, these homes feature 2 car garages, cathedral ceilings over the main living areas, ceramic tile foyers, plant shelves, large fully equipped kitchens (most with breakfast nooks or good morning rooms), fully enclosed laundry centers, impressive master suites with walk-in closets and large bedrooms. A model center is open at Marion Oaks. Houses are sold with the lot included in the sales price; however, the Company also offers a "build on your own lot" program for those purchasers who have previously acquired a lot. The FeatherNest Housing Village in Marion Oaks, where the lot is included in the price of the home, is owned by Conquistador Development Corporation and marketed by the Company. All housing sales are made within the local market and through the Company's independent dealer network.

Revenues in 2001 will be generated from the sale of land inventory, from housing sales, from the recognition of deferred revenue as land development proceeds, from collections on existing contracts receivable and from the Company's real estate brokerage and title company subsidiary operations.

Seminole Woods

Seminole Woods, with a population of over 530, is comprised of 1,554 acres of property located 20 miles north of Orlando. The community's 262 single-family lots, each with a minimum of five acres, have been sold and development completed.

Tierra Verde

Tierra Verde, with a population of over 5,220, is a 666-acre waterfront subdivision located eight miles south of St. Petersburg. It was developed and marketed pursuant to a 50% joint venture, which no longer exists, between a wholly-owned subsidiary of the Company and an unaffiliated corporation. The community has been sold out and development completed.

Other Land Assets

The Company also owns 92 acres of land in Florida adjacent to its existing communities.

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Other Businesses

The Company's title insurance subsidiary was established in 1978 in order to reduce title insurance, legal and certain related closing costs incurred by the Company in transferring title of its land and housing to its purchasers. The subsidiary serves as an agent for TICOR Title Insurance Company, Chicago Title Insurance Company and other title insurers. The Company's realty subsidiary performs real estate brokerage and rental services at the Company's Marion Oaks and Sunny Hills communities.

Employees

At December 31, 2000, the Company had 36 employees, of whom 34 were involved in executive, administrative, sales and community development/ maintenance capacities and 2 were involved with the title insurance subsidiary. Certain of the Company's development activities are carried out by subcontractors who separately employ additional personnel. For the most part, the Company's marketing activities are carried out by independent dealers and marketing personnel employed by the Company and its subsidiaries.

Competition

The Company faces competition in the sale of its lots primarily from property owners in the Company's communities seeking to resell their land. The Company is also facing competition, on a regional level, from other builders and developers in the sale of single-family housing. Such competition is generally based upon location, price, reputation, quality of product and the existence of commercial and recreational facilities and amenities.

Regulation

The Company's real estate business is subject to regulation by various local, state and federal agencies. The communities are increasingly subject to substantial regulation as they are planned, designed and constructed, the nature of such regulation extending to improvements, zoning, building, environmental, health and related matters. Although the Company has been able to operate within the regulatory environment in the past, there can be no assurance that such regulations could not be made more restrictive and thereby adversely affect the Company's operations.

Community Development

In Florida, as in many growth areas, local governments have sought to limit or control population growth in their communities through restrictive zoning, density reduction, the imposition of impact fees and more stringent development requirements. Although the Company has taken such factors into consideration in its master plans by agreeing, for example, to make improvements, construct public facilities and dedicate certain property for public use, the increased regulation has lengthened the development process and added to development costs.

The implementation of the Florida Growth Management Act of 1985 (the "Act") precludes the issuance of development orders or permits if public facilities such as transportation, water and sewer services will not be available concurrent with development. Development orders have been issued for, and development has commenced in, the Company's existing communities (with development being completed in certain of these communities). Thus, the Company's communities are less likely to be affected by the new growth management policies than future communities. Any future communities developed by the Company will be strongly impacted by new growth management policies. Since the Act and its implications are consistently being re-examined by the State, together with local governments and various state and local governmental agencies, the Company cannot further predict the timing or the effect of new growth management policies, but anticipates that such policies may increase the Company's permitting and development costs.

Environmental

To varying degrees, certain permits and approvals will be necessary to complete the development of Marion Oaks and Sunny Hills. Despite the fact that the Company has obtained substantially all of the permits and authorizations necessary to proceed with its development work on communities presently being marketed, additional approvals may be required to develop certain platted properties to be marketed in the future. Although the Company cannot predict the impact of such requirements, they could result in delays and increased expenditures. In addition, the continued effectiveness of permits and authorizations already granted is subject to many factors, some of which, including changes in policies, rules and regulations and their interpretation and application, are beyond the Company's control.

The Company is aware of studies indicating that prolonged exposure to radon gas may be hazardous to one's health. Such studies further indicate that radon gas is apparently associated with mining and earth moving activities, particularly in phosphate-bearing geological formations. Since phosphate mining has, over the years, constituted a significant industry in Florida, various state and local governmental agencies are in the process of attempting to determine the nature and extent of indoor radon gas intrusion throughout the state. Similar studies undertaken by the Company at its Citrus Springs community indicate that less than 1% of its property in that community may be affected by radon gas; studies conducted at the Company's Marion Oaks community revealed no indications of potential indoor radon gas problems. None of the other properties owned by the Company are situated over geological formations which are suspected of causing radon gas problems. Consequently, the existence of radon gas in Florida is not expected to materially affect the business or financial condition of the Company.

The Company owns and operates one above ground fuel storage tank at Marion Oaks. The Florida Department of Environmental Regulation ("DER") is responsible not only for regulating this tank, but for developing and implementing plans and programs to prevent the discharge of pollutants by the facility. The Company has registered this storage tank with the DER, constructed a containment device around the above ground storage tank and conducts periodic inspections and monitoring of the facility. The Company surveyed this site, which exhibited evidence of potential soil contamination to the DER prior to the deadline for acceptance into the Early Detection Incentive ("EDI") Program. The EDI Program provides for the State to assume the financial responsibility for any necessary clean-up operations when suspected contamination has been voluntarily reported by the facility owner and accepted into the program by the DER. The site has been inspected and reviewed under the EDI program and is in compliance with current DER regulations.

Marketing

The Company is also subject to a number of statutes imposing registration, filing and disclosure requirements with respect to homesites and homes sold or proposed to be sold to the public. On the state level, the Company's land sales activities are subject to the jurisdiction of the Division of Florida Land Sales, Condominiums and Mobile Homes (the "Division") which requires registration of subdividers and subdivided land; regulates the contents of advertising and other promotional material; inspects the Company's land and development work; exercises jurisdiction over sales practices; and requires full disclosure to prospective purchasers of pertinent information relating to the property offered for sale.

Other Obligations

As a result of the delays in completing the land improvements to certain property sold in certain of its Central and North Florida communities, the Company fell behind in meeting its contractual obligations to its customers. In connection with these delays, in 1980 the Company entered into a Consent Order with the Division which provided a program for notifying affected customers. Since 1980, the Consent Order was restated and amended several times, culminating in the 1992 Deltona Consent Order.

On December 30, 1997, the Division approved the formation of a Lot Exchange Trust into which the Company conveyed sufficient exchange inventory to provide exchanges to customers with undeveloped lots. Concurrently, the Division released its lien on the Company's contracts receivable, satisfied its mortgage on the Company's property and

approved a settlement of all remaining issues under the 1992 Deltona Consent Order. The 1992 Deltona Consent Order was formally terminated on April 13, 1998.

As of December 31, 2000, the Company had estimated development obligations of approximately $25,000 on sold property, an estimated liability to provide title insurance and deeding costs of $251,000 and an estimated cost of street maintenance, prior to assumption of such obligations by local governments, of $585,000, all of which are included in deferred revenue. As of December 31, 2000 and December 31, 1999 the Company had in escrow approximately $7,000 specifically for land improvements at certain of its Central and North Florida communities. The Company's development obligation had been substantially reduced in 1997 by the consummation of the Agreement approved by the stockholders on November 4, 1997. Approximately $7,400,000 of the development obligation at St. Augustine Shores was assumed by Swan. In addition, the creation of a Lot Exchange Trust reduced the development obligation at Marion Oaks and Sunny Hills by approximately $5,800,000.

On the federal level, the Company's homesite installment sales are subject to the Federal Consumer Credit Protection ("Truth-in-Lending") Act. In addition, the Company's activities are subject to regulation by the Interstate Land Sales Registration Division ("ILSRD"), which administers the Interstate Land Sales Full Disclosure Act. That Act requires that the Company file with ILSRD copies of applicable materials on file with the Division as to all properties registered; certain properties must be registered directly with ILSRD, in addition to being registered with the Division.

The Company has either complied with applicable statutory requirements relative to the properties it is offering or has relied on various statutory exemptions which have relieved the Company from such registration, filing and disclosure requirements. If these exemptions do not continue to remain available to the Company, compliance with such statutes may result in delays in the offering of the Company's properties to the public.

The Company's land sales activities are further subject to the jurisdiction of the laws of various states in which the Company's properties are offered for sale. In addition, Florida and other jurisdictions in which the Company's properties are offered for sale have strengthened, or may strengthen, their regulation of subdividers and subdivided lands in order to provide further assurances to the public. The Company has attempted to take appropriate steps to modify its marketing programs and registration applications in the face of such increased regulation, but has incurred additional costs and delays in the marketing of certain of its properties in certain states and countries. For example, the Company has complied with the regulations of certain states which require that the Company sell its properties to residents of those states pursuant to a deed and mortgage transaction, regardless of the amount of the down payment. The Company intends to continue to monitor any changes in statutes or regulations affecting, or anticipated to affect, the sale of its properties and intends to take all necessary and reasonable action to assure that its properties and its proposed marketing programs are in compliance with such regulations, but there can be no assurance that the Company will be able to timely comply with all regulatory changes in all jurisdictions in which the Company's properties are presently offered for sale to the public.

Real estate salespersons must, absent exemptions which may be available to employees of the property owner, be licensed in the jurisdiction in which they perform their activities. Real estate brokerage companies in Florida, as well as their brokers and salespersons, must be licensed by the Florida Real Estate Commission.

Miscellaneous

Various subsidiaries and divisions of the Company are subject to regulation by local, state and federal agencies. Such regulation extends to the licensing of operations, operating areas and personnel; the establishment of safety and service standards; and various other matters.

ITEM 3

LEGAL PROCEEDINGS

From time to time the Company may become a party to legal and administrative proceedings arising in the ordinary course of business. At present, the Company is not a party to any legal or administrative proceeding which might have a material adverse effect on the business or financial condition of the Company.

ITEM 5

PRICE RANGE OF COMMON STOCK AND DIVIDENDS

The Company's Common Stock was traded on the New York and Pacific Stock Exchanges under the ticker symbol DLT. On April 6, 1994, both the New York and Pacific Stock Exchanges suspended the Company's Common Stock from trading and instituted procedures to delist the Company's Common Stock. On June 16, 1994, the Company's Common Stock was formally removed from listing and registration on the New York Stock Exchange. As of December 31, 2000, the Company's Common Stock was traded on a limited basis in the over-the-counter markets (on the bulletin board) under the symbol DLTA. The weighted average price at which the stock was traded at the end of the first, second, third and fourth quarters of 2000 is as follows:

March 31, 2000	$ .250
June 30, 2000	$ .232
September 30, 2000	$ .402
December 31, 2000	$ .331

The Company has never paid cash dividends on its Common Stock. The Company's loan agreements contain certain restrictions which currently prohibit the Company from paying dividends on its Common Stock.

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ITEM 6

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following table summarizes selected consolidated financial information and should be read in conjunction with the Consolidated Financial Statements. See "Management's Discussion and Analysis of Financial Condition and Results of Operations".

Consolidated Income Statement Data
(in thousands except per share amounts)

	Year Ending			
	December 31, 2000	December 31, 1999	December 31, 1998	December 31, 1997
Revenues	$ 9,617	$ 8,837	$ 6,487	$ 9,425
Costs and expenses	10,659	9,204	9,078	10,751
Loss from continuing operations before taxes and extraordinary items	(1,042)	(367)	(2,591)	(1,326)
Provision for income taxes	-0-	-0-	-0-	-0-
Loss from operations before extraordinary items	(1,042)	(367)	(2,591)	(1,326)
Extraordinary items:				
Gain on settlement related to the Marco refund obligation ...	-0-	-0-	-0-	-0-
Net income (loss) applicable to common stock	$ (1,042)	$ (367)	$ (2,591)	$ (1,326)

Basic earnings per share amounts:				
Continuing operations	$ (.08)	$ (.03)	$ (.19)	$ (.20)
Extraordinary items	-0-	-0-	.00	.00
Net income (loss)	$ (.08)	$ (.03)	$ (.19)	$ (.20)
Weighted average common shares outstanding	13,544,277	13,544,277	13,544,277	6,753,587

Consolidated Balance Sheet Data
(in thousands)

	Year Ending			
	December 31, 2000	December 31, 1999	December 31, 1998	December 31, 1997
Total assets	$ 13,968	$ 11,913	$ 11,915	$ 13,560
Liabilities	$ 22,807	20,117	$ 20,175	$ 19,174
Stockholders' equity(deficiency).	(8,839)	(8,204)	(8,260)	(5,614)
Total liabilities and stockholders' equity (deficiency)	$ 13,968	$ 11,913	$ 11,915	$ 13,560

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ITEM 7

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

From June 19, 1992 through March 1999, the Company had entered into loan agreements with Selex International B.V., a Netherlands corporation ("Selex"), Yasawa Holdings, N.V., a Netherlands Antilles Corporation ("Yasawa"), Swan Development Corporation ("Swan") and related parties, including Scafholding, B.V. ("Scafholding"). Since December, 1992, the Company has been dependent on loans and advances from Selex, Yasawa Swan and their affiliates in order to meet its working capital requirements.

Scafholding agreed to purchase contracts receivable at 65% of face value, with recourse, to meet the Company's ongoing capital requirements. Scafholding purchased the following contracts receivables from the Company to generate working capital for the Company:

Date of Purchase	Approximate Contracts Receivable Amount Purchased
June 30, 1998	$200,100

July 15, 1998	$115,200
July 31, 1998	$179,900
August 31, 1998	$250,400
September 10, 1998	$153,400
September 29, 1998	$497,100

As of December 31, 1999, the Company had satisfied its principal debt obligation to Scafholding; the Company's outstanding debt to Yasawa was $5, 400,000 secured by a first lien on the Company's receivables and a mortgage on all of the Company's property. The terms of repayment of this debt have been restructured to provide for monthly payments of principal in the amount of $100,000 payable monthly in cash or with contracts receivable at 100% of face value, plus interest payable monthly on the declining balance at the rate of 9.6% per annum in cash or with contracts receivable at 65% of face value. Effective January 1, 1999, Yasawa and Scafholding agreed to reduce the annual percentage rate for their existing loans to the Company from 9.6% to 6% per annum. The interest rate was again changed in November 2000 when it was agreed that effective January 1, 2001 and semi-annually thereafter, the interest rate would be adjusted to equal the prime rate then in effect. Yasawa and Scafholding did not require the Company to make interest payments for the period September 1, 1998 to December 31, 2000. As of December 31, 2000, the total amount of interest accrued is approximately $1,055,600.

The Company recorded interest expense on all outstanding debt balances for 2000 to Yasawa, Scafholding and Swan at 8%, the Company's incremental borrowing rate. The difference between interest calculated at 8% and the amount accrued under the terms of the respective notes was recorded as a capital contribution increase to capital surplus. The Company recorded interest expense and a capital contribution in the amount of approximately $408,000 for 2000.

From October 9, 1998 through the present, Swan continued to loan the Company funds to meet its working capital requirements. The Company's outstanding debt to Swan, which is secured by a second lien on the Company's receivables, was $5,572,000 as of December 31, 2000. The Company signed a promissory note to Swan in March 1999 which provides that funds advanced by Swan will be paid back by the Company monthly in contracts receivables at 90% of face value, with recourse. There will be no interest for the first six months after an advance of money is received from Swan by the Company; thereafter the interest shall be 6% per annum on the outstanding balance of the advance. Effective January 1, 2001 and semi-annually thereafter, the interest rate will be adjusted to equal the prime rate then in effect. Each time an advance is made, a supplemental note is signed. The amount of each monthly payment will vary and will be dependent upon the amount of contracts receivable in the Company's portfolio, excluding contracts receivable held as collateral for prior receivable sales. Pursuant to the terms of the promissory note, the Company is required to transfer to Swan monthly as debt

repayment all current contracts receivable in the Company's portfolio in excess of the aggregate sum of $500,000. Funds advanced by Swan were used by the Company to pay outstanding real estate taxes for unsold properties with the balance to meet the Company's working capital requirements. As of December 31, 2000, the total amount of interest accrued is approximately $273,000.

During 1998, the Company transferred 14 lots and 4 tracts of land to Swan. In return, Swan built an office complex on part of the land for use by the Company for a period of 54 months, renewable thereafter. The Company valued the land transferred at approximately $440,000 and recorded the net present value of the use of the office complex of approximately $375,000 as prepaid rent. The difference between the net present value of the rent and the cost of the land was recorded as deferred profit and recognized over the lease term.

Results of Operations

Years ended December 31, 2000 and December 31, 1999

Revenues

Total revenues were $9,617,000 for 2000 compared to $8,837,000 for 1999.

Gross land sales were $6,804,000 for 2000 versus $4,959,000 for 1999. Net land sales (gross land sales less estimated uncollectible installment sales and contract valuation discount) increased to $4,896,000 for 2000 compared to $4,4605,000 for 1999. The increase reflects higher sales by the Company's independent dealers and a lower estimate of uncollectible installment sales .

New retail land sales contracts entered into, including deposit sales on which the Company has received less than 20% of the sales price, net of cancellations, for the years ended December 31, 2000 and December 31, 1999 were $9,535,000 and $6,491,000, respectively. The Company had a backlog of $4,413,000 and $2,139,000 in unrecognized sales as of December 31, 2000 and 1999, respectively. Such contracts are not included in retail land sales until the applicable rescission period has expired and the Company has received payments totaling 20% of the contract sales price. See Note 1 to the Consolidated Financial Statements.

Advertising and marketing costs are charges to operations when incurred. Sales commissions are recognized as a liability when the related contract is accepted and charged to expense when the sale is recognized as revenue.

Housing revenues are not recognized from housing sales until the completion of construction and the passage of title. Housing revenues were $3,231,000 for 2000 compared to $3,045,000 for 1999. The increase in housing revenues is directly related to expanded promotional programs for housing.

Improvement revenues result from recognition of revenues deferred from prior period sales. Recognition occurs as development work proceeds on the previously sold property or customers are exchanged to a developed lot. Improvement revenues totaled $276,000 in 2000 as compared to $381,000 in 1999. The decrease is a result of lower expenditures on development work.

Interest income was $440,000 for 2000 as compared to $498,000 for 1999. This decrease is the result of lower contracts receivable balances resulting from the Company's repayment of debt to Swan and Yasawa.

Other revenues were $774,000 for 2000 compared to $448,000 for 1999. Other revenues were generated principally by the Company's title insurance and real estate brokerage subsidiaries.

Costs and Expenses

Costs and expenses were $10,659,000 for 2000 compared to $9,204,000 for 1999. Cost of sales totaled $4,351,000 for 2000 compared to $3,693,000 for 1999. The increase reflects higher sales by the Company's independent dealers.

Commissions, advertising and other selling expenses totaled $3,455,000 for

2000 compared to $3,040,000 for 1999. Advertising was $351,000 for 2000 compared to $359,000 in 1999. Other selling expenses were $1,170,000 in 2000 as compared to $1,075,000 in 1999.

General and administrative expenses were $1,362,000 in 2000 as compared to $1,129,000 in 1999. General and administrative expenses increased primarily due to there being increased overhead.

Real estate tax expense was $598,000 in 2000 as compared to $491,000 in 1999.

Interest expense was $894,000 in 2000 and $851,000 in 1999. The increase in interest expense is the result of increased debt. Interest in the amount of $99,000 and $62,000 was capitalized in 2000 and 1999, respectively.

Net Income

The Company reported a net loss of $1,042,000 for 2000 compared to a net loss of $367,000 for 1999.

Years ended December 31, 1999 and December 31, 1998

Revenues

Total revenues were $8,837,000 for 1999 compared to $6,488,000 for 1998.

Gross land sales were $4,959,000 for 1999 versus $4,155,000 for 1998. Net land sales (gross land sales less estimated uncollectible installment sales and contract valuation discount) increased to $4,465,000 for 1999 compared to $3,078,000 for 1998. The increase reflects higher sales by the Company's independent dealers and a lower estimate of uncollectible installment sales .

New retail land sales contracts entered into, including deposit sales on which the Company has received less than 20% of the sales price, net of cancellations, for the years ended December 31, 1999 and December 31, 1998 were $6,491,000 and $4,679,000, respectively. The Company had a backlog of $2,139,000 and $630,000 in unrecognized sales as of December 31, 1999 and 1998, respectively. Such contracts are not included in retail land sales until the applicable rescission period has expired and the Company has received payments totaling 20% of the contract sales price. See Note 1 to the Consolidated Financial Statements.

Advertising and marketing costs are charges to operations when incurred. Sales commissions are recognized as a liability when the related contract is accepted and charged to expense when the sale is recognized as revenue.

Housing revenues are not recognized from housing sales until the completion of construction and the passage of title. Housing revenues were $3,045,000 for 1999 compared to $1,622,000 for 1998. The increase in housing revenues is directly related to the increase in the Company's promotional programs for housing.

Improvement revenues result from recognition of revenues deferred from prior period sales. Recognition occurs as development work proceeds on the previously sold property or customers are exchanged to a developed lot. Improvement revenues totaled $381,000 in 1999 as compared to $956,000 for 1998. The decrease is a result of lower expenditures.

Interest income was $498,000 for 1999 compared to $548,000 for 1998. This decrease is the result of lower contracts receivable balances due to debt repayments to Swan, Scafholding and Yasawa.

Other revenues were $448,000 for 1999 compared to $284,000 for 1998. Other revenues are generated principally by the Company's title insurance and real estate brokerage subsidiaries.

Costs and Expenses

Costs and expenses were $9,204,000 for 1999 compared to $9,079,000 for 1998. Cost of sales totaled $3,693,000 for 1999 compared to $2,562,000 for 1998. The increase reflects higher sales by the Company's independent dealers.

Commissions, advertising and other selling expenses totaled $3,040,000 for 1999 compared to $2,533,000 for 1998. Advertising was $359,000 in 1999 compared to $46,000 in 1998. Other selling expenses were $1,075,000 in 1999 compared to $1,124,000 in 1998.

General and administrative expenses were $1,129,000 in 1999 versus $2,144,000 in 1998. General and administrative expenses decreased primarily due to there being reduced payments due in 1999 pursuant to the 1998 termination agreements to officers who resigned effective October 1998.

Real estate tax expense was $491,000 in 1999 compared to $1,028,000 in 1998. Included in real estate tax expense in 1998 is delinquent interest and administrative fees on delinquent taxes, which accrued interest at 18% per annum.

Interest expense was $851,000 in 1999 as compared to $812,000 for 1998. The increase in interest expense is the result of increased debt. Interest in the amount of $99,000 and $62,000 was capitalized in 2000 and 1999, respectively. No interest was capitalized in 1998.

Net Income

The Company reported a net loss of $367,000 for 1999 compared to a net loss of $2,591,000 for 1998.

Regulatory Developments which may affect Future Operations

In Florida, as in many growth areas, local governments have sought to limit or control population growth in their communities through restrictive zoning, density reduction, the imposition of impact fees and more stringent development requirements. Although the Company has taken such factors into consideration in its master plans by agreeing, for example, to make improvements, construct public facilities and dedicate certain property for public use, the increased regulation has lengthened the development process and added to development costs.

The implementation of the Florida Growth Management Act of 1985 (the "Act") precludes the issuance of development orders or permits if public facilities such as transportation, water and sewer services will not be available concurrent with development. Development orders have been issued for, and development has commenced in, the Company's existing communities (with development being completed in certain of these communities). Thus, the Company's communities are less likely to be affected by the new growth management policies than future communities. Any future communities developed by the Company will be strongly impacted by new growth management policies. Since the Act and its implications are consistently being re-examined by the State, together with local governments and various state and local governmental agencies, the Company cannot further predict the timing or the effect of new growth management policies, but anticipates that such policies may increase the Company's permitting and development costs.

The Company's land sales activities are further subject to the jurisdiction of the laws of various states in which the Company's properties are offered for sale. In addition, Florida and other jurisdictions in which the Company's properties are offered for sale have strengthened, or may strengthen, their regulation of subdividers and subdivided lands in order to provide further assurances to the public. The Company has attempted to take appropriate steps to modify its marketing

programs and registration applications in the face of such increased regulation, but has incurred additional costs and delays in the marketing of certain of its properties in certain states and countries. For example, the Company has complied with the regulations of certain states which require that the Company sell its properties to residents of those states pursuant to a deed and mortgage transaction, regardless of the amount of the down payment. The Company intends to continue to monitor any changes in statutes or regulations affecting, or anticipated to affect, the sale of its properties and intends to take all necessary and reasonable action to assure that its properties and its proposed marketing programs are in compliance with such regulations, but there can be no assurance that the Company will be able to timely comply with all regulatory changes in all jurisdictions in which the Company's properties are presently offered for sale to the public.

Liquidity and Capital Resources

Mortgages and Similar Debt

As of December 31, 2000, the Company had satisfied its principal debt obligation to Scafholding; the Company's outstanding debt to Yasawa was $5,400,000 secured by a first lien on the Company's receivables and a mortgage on all of the Company's property. The terms of repayment of this debt have been restructured to provide for monthly payments of principal in the amount of $100,000 payable monthly in cash or with contracts receivable at 100% of face value, plus interest payable monthly on the declining balance at the rate of 9.6% per annum in cash or with contracts receivable at 65% of face value. Effective January 1, 1999, Yasawa and Scafholding agreed to reduce the annual percentage rate for their existing loans to the Company from 9.6% to 6% per annum. The interest rate was again changed in November 2000 when it was agreed that effective January 1, 2001 and semi-annually thereafter, the interest rate would be adjusted to equal the prime rate then in effect. Yasawa and Scafholding did not require the Company to make interest payments for the period September 1, 1998 to December 31, 2000. As of December 31, 2000, the total amount of interest accrued is approximately $1,055,600.

From October 9, 1998 through the present, Swan continued to loan the Company funds to meet its working capital requirements. The Company's outstanding debt to Swan, which is secured by a second lien on the Company's receivables, was $5,572,000 as of December 31, 2000. The Company signed a promissory note to Swan in March 1999 which provides that funds advanced by Swan will be paid back by the Company monthly in contracts receivables at 90% of face value, with recourse. There will be no interest for the first six months after an advance of money is received from Swan by the Company; thereafter the interest shall be 6% per annum on the outstanding balance of the advance. Effective January 1, 2001 and semi-annually thereafter, the interest rate will be adjusted to equal the prime rate then in effect. Each time an advance is made, a supplemental note is signed. The amount of each monthly payment will vary and will be dependent upon the amount of contracts receivable in the Company's portfolio, excluding contracts receivable held as collateral for prior receivable sales. Pursuant to the terms of the promissory note, the Company is required to transfer to Swan monthly as debt repayment all current contracts receivable in the Company's portfolio in excess of the aggregate sum of $500,000. Funds advanced by Swan were used by the Company to pay outstanding real estate taxes for unsold properties with the balance to meet the Company's working capital requirements. As of December 31, 2000, the total amount of interest accrued is approximately $273,000.

During 1998, the Company transferred 14 lots and 4 tracts of land to Swan. In return, Swan built an office complex on part of the land for use by the Company for a period of 54 months, renewable thereafter. The Company valued the land transferred at approximately $440,000 and recorded the net present value of the use of the office complex of approximately $375,000 as prepaid rent. The difference between the net present value of the rent and the cost of the land was recorded as deferred profit and is recognized over the lease term.

The Company recorded interest expense on all outstanding debt balances for 1999 and 2000 to Yasawa, Scafholding and Swan at 8%, the Company's incremental borrowing rate. The difference between interest calculated at 8% and the amount accrued under the terms of the respective notes was recorded as a capital contribution increase to capital surplus. The Company recorded interest expense and a capital contribution in the amount of approximately $408,000 for 2000 and $423,000 for 1999.

The following table presents information with respect to mortgages and similar debt (in thousands):

	Years Ended	
	December 31, 2000	December 31, 1999
Mortgage Notes Payable................	$ 5,400	$ 6,600
Other Loans...........................	5,572	5,114
Total Mortgages and similar debt.....	$10,972	$11,714

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* Included in Mortgage Notes Payable is the Yasawa loan ($5,400,000 at December 31, 2000); included in Other Loans is the Swan loan ($5,572,000 as of December 31, 2000).

Indebtedness under various purchase money mortgages and loan agreements is collateralized by substantially all of the Company's assets, including stock of certain wholly-owned subsidiaries. The Company's outstanding debt to Yasawa is secured by a first lien on the Company's receivables and a mortgage on all of the Company's property; and the Company's outstanding debt to Swan is secured by a second lien on the Company's receivables.

Contracts and Mortgages Receivable Sales

In 1990 and 1992, the Company sold contracts and mortgages receivable to thrid parties. These transactions, among other things require that the Company replace or repurchase any receivable that becomes 90 days delinquent upon the request of the purchaser. Such requirement can be satisfied from contracts in which the purchaser holds a security interest (approximately $1,445,000 as of December 31, 2000). The Company has fully reserved for the estimated future cancellations based on the Company's historical experience for receivables the Company services and believes these reserves to be adequate. The Company did not replace any delinquent receivables in 1998, 1999 or 2000. As of December 31, 2000 and 1999, $1,210,000 and $1,083,000 in receivables were delinquent, respectively.

During 1998, Scafholding purchased approximately $1,400,000 in contracts and mortgages receivable from the Company at sixty-five percent (65%) of face value with recourse for non-performing contracts. These sales generated approximately $900,000 used to meet the Company's working capital requirements.

The Company was the guarantor of approximately $16,066,000 of contracts receivable sold or transferred as of December 31, 2000, for the transactions described above. There are no funds on deposit with purchasers of the receivables as security to assure collectibility as of such date. A provision has been established for the Company's obligation under the recourse provisions of which $2,730,000 remains at December 31, 2000. The Company has been in compliance with all receivable transactions since the consummation of receivable sales.

The Company has an agreement with Scafholding and Citony Development Corporation for the servicing of their receivable portfolios. The Company received approximately $75,300 and $86,700 in 2000 and 1999, respectively, in revenue pursuant to these agreements.

In the future, if the Company elects to do so, Yasawa and Scafholding have agreed to purchase contracts receivable at 65% of face value, with recourse. The Company has an agreement with Swan whereby Swan will loan the Company funds to be repaid with contracts receivable at 90% of face value, with recourse.

Other Obligations

As of December 31, 2000, the Company had estimated development obligations of approximately $25,000 on sold property, an estimated liability to provide title insurance and deeding costs of $251,000 and an estimated cost of street maintenance, prior to assumption of such obligations by local governments, of $585,000, all of which are included in deferred revenue. As of December 31, 2000 and December 31, 1998 the Company had in escrow approximately $7,200 specifically for land improvements at certain of its Central and North Florida communities.

Liquidity

Retail land sales have traditionally produced negative cash flow through the point of sale as a result of a regulatory requirement to sell fully developed lots and the additional requirement to pay marketing and selling expenses prior to or shortly after the point of sale. In an effort to offset the negative cash flow effects of installment land sales, the Company is directing a greater portion of its marketing efforts to the sale of lots with homes and is now offering lots for sale in compulsory building areas where a lot purchaser must complete payments for the lot and construct a home within a limited period of time.

The Company has been dependent on its ability to sell or otherwise finance its contracts receivable and/or secure other financing to meet its cash requirements. Since 1992, the Company has been largely dependent on Yasawa, Scafholding and Swan and related parties for the financing of its operations. Although Scafholding has purchased contracts receivables at the rate of 65% of face value, with recourse, and Swan has loaned the Company additional funds to be paid back with contracts receivable at the rate of 90% of face value, with recourse, there can be no guarantee that the Company will be able to generate sufficient receivables to obtain sufficient financing in the future or that Yasawa, Scafholding, Swan and other related parties will continue to make loans to the Company.

ITEM 8

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTAL DATA

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS AND STOCKHOLDERS OF
THE DELTONA CORPORATION:

We have audited the consolidated balance sheets of The Deltona Corporation and subsidiaries (the "Company") as of December 31, 2000 and 1999 and the related statements of consolidated operations, consolidated stockholders' equity (deficiency) and consolidated cash flows for the years ended December 31, 2000, 1999 and 1998. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company at December 31, 2000 and 1999 and the results of its operations and its cash flows for the years ended December 31, 2000, 1999 and 1998 in conformity with generally accepted accounting principles.

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company incurred substantial operating losses and has continued to experience problems with liquidity, and has a stockholders' deficiency at December 31, 2000. These matters raise substantial doubt about the Company's ability to continue as a going concern. Management's plans concerning these matters are described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

JAMES MOORE & CO. P.L.
Certified Public Accountants
Gainesville, Florida
February 18, 2001

CONSOLIDATED BALANCE SHEETS

THE DELTONA CORPORATION AND SUBSIDIARIES

ASSETS
(in thousands)

	December 31, 2000	December 31, 1999
Cash and cash equivalents, including escrow deposits and restricted cash of $587 in 2000 and $396 in 1999 (Note 7)......................	$ 680	$ 548
Contracts receivable for land sales (Notes 2, 5 and 8)............................	2,109	2,448
Less: Allowance for uncollectible contracts......	(291)	(606)
Unamortized valuation discount............	(264)	(293)

Contracts receivable - net	1,554	1,549
Mortgages and other receivables - net (Notes 2, 5 and 8)	140	109
Inventories, at lower of cost or net realizable value (Notes 3 and 5):		
Land and land improvements	8,375	8,237
Other	1,361	70
Total inventories	9,736	8,307
Property, plant and equipment - net (Notes 4 and 5)	455	489
Prepaid expenses and other	1,403	911
Total	$ 13,968	$ 11,913

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

THE DELTONA CORPORATION AND SUBSIDIARIES

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)
(in thousands except share data)

	December 31, 2000	December 31, 1999
Mortgages and similar debt (Note 5):		
Mortgage notes payable	$ 5,400	$ 6,600

Other loans	5,572	5,114
Total mortgages and similar debt...	10,972	11,714
Accounts payable-trade	217	7
Accrued interest payable (Note 5)	1,329	744
Accrued taxes, principally real estate taxes	289	30
Accrued expenses and other (Notes 2 and 8)	3,258	3,209
Customers' deposits	1,397	730
Deferred revenue (Notes 7 and 8)	5,345	3,683
Total liabilities	22,807	20,117
Commitments and contingencies (Notes 1, 2, 5, 7 and 8)		
Stockholders' equity (deficiency) (Notes 1, 5, and 9):		
Common stock, $1 par value-authorized 15,000,000 shares; issued and outstanding: 13,544,277 shares in 2000 and 1999 (excluding 12,228 shares held in treasury)..........	13,544	13,544
Capital surplus	52,270	51,863
Accumulated deficit	(74,653)	(73,611)
Total stockholders' equity (deficiency)	(8,839)	(8,204)
Total.......................	$ 13,968	$ 11,913

The accompanying notes are an integral part of the consolidated financial statements.

STATEMENTS OF CONSOLIDATED OPERATIONS
THE DELTONA CORPORATION AND SUBSIDIARIES
(in thousands except share data)

	Years Ended		
	December 31, 2000	December 31, 1999	December 31, 1998
Revenues			

Gross land sales (Notes 2 and 7)	$ 6,804	$ 4,959	$ 4,155
Less: Estimated uncollectible sales	(1,641)	(322)	(840)
Contract valuation discount	(267)	(172)	(237)
Net land sales	4,896	4,465	3,078
Sales-housing	3,231	3,045	1,622
Recognized improvement revenue-prior period sales	276	381	956
Interest income	440	498	548
Other	774	448	284
Total	9,617	8,837	6,488
Costs and expenses			
Cost of sales-land	1,397	986	741
Cost of sales-housing	2,716	2,402	1,269
Cost of improvements-prior period sales	62	126	302
Cost of sales-other	175	179	250
Commissions, advertising, and other selling expenses	3,455	3,040	2,533
General and administrative expenses	1,362	1,129	2,144
Real estate tax	598	491	1,028
Interest expense	894	851	812
Total	10,659	9,204	9,079
Loss from operations before income taxes	(1,042)	(367)	(2,591)
Provision for income taxes (Note 6)	-0-	-0-	-0-
Net income (loss)	$ (1,042)	$ (367)	$ (2,591)
Net income (loss) per common share	$ (.08)	$ (.03)	$ (.19)

The accompanying notes are an integral part of the consolidated financial statements.

STATEMENTS OF CONSOLIDATED STOCKHOLDERS' EQUITY (DEFICIENCY)

THE DELTONA CORPORATION AND SUBSIDIARIES
(in thousands)

For the years ended December 31, 2000, December 31, 1999 and December 31, 1998

Common Stock   Capital   Accumulated

	($1 par value)	Surplus	Deficit	Total
Balances, December 31, 1997	$ 13,544	$ 51,495	$(70,653)	$ (5,614)
Gain (loss) from Exchange of Land and Contracts Receivable with Related Party	-0-	(55)	-0-	(55)
Net (loss) for the year	-0-	-0-	(2,591)	(2,591)
Balances, December 31, 1998	$ 13,544	$ 51,440	$(73,244)	$ (8,260)
Imputed Interest expense on debt with Related Party (See Note 5)	-0-	423	-0-	423
Net (loss) for the year	-0-	-0-	(367)	(367)
Balances, December 31, 1999	$ 13,544	$ 51,863	$(73,611)	$ (8,204)
Imputed Interest expense on debt with Related Party (See Note 5)	-0-	407	-0-	407
Net (loss) for the year	-0-	-0-	(1,042)	(1,042)
Balances, December 31, 2000	$ 13,544	$ 52,270	$(74,653)	$ (8,839)

The accompanying notes are an integral part of the consolidated financial statements.

STATEMENTS OF CONSOLIDATED CASH FLOWS

THE DELTONA CORPORATION AND SUBSIDIARIES
(in thousands)

	December 31, 2000	December 31, 1999	Decembe 1998
Cash flows from operating activities:			
Cash received from operations:			
Proceeds from sale of residential units	$ 3,282	$ 2,846	$ 1,76
Collections on contracts and mortgages receivable	1,040	1,051	1,99
Down payments on and proceeds from sales of homesites and tracts	1,748	891	1,07

Proceeds from sale of Contracts Receivables	0	0	86
Proceeds (uses) from other sources	490	(80)	24
Total cash received from operations	6,560	4,708	5,94
Cash expended by operations:			
Cash paid for residential units	3,167	2,402	1,26
Cash paid for land and land improvements	1,309	1,648	1,04
Customer refunds	0	0	3
Commissions, advertising and other selling expenses	4,737	3,274	2,62
General and administrative expenses	1,082	1,452	1,71
Interest paid	0	0	29
Real estate taxes paid	347	3,336	26
Total cash expended by operations	10,642	12,112	7,24
Net cash provided by (used in) operating activities	(4,082)	(7,404)	(1,30
Cash flows from investing activities:			
Proceeds from sale of property, plant and equipment	0	3	
Payment for acquisition and construction of property, plant and equipment	(31)	(72)	(13
Net cash provided by (used in) investing activities	(31)	(69)	(13
Cash flows from financing activities:			
New borrowings	4,245	7,300	76
Net cash provided by (used in) financing activities	4,245	7,300	76
Net increase (decrease) in cash and cash equivalents	132	(173)	(67
Cash and cash equivalents, beginning of year	548	721	1,39
Cash and cash equivalents, end of year	$ 680	$ 548	$ 72

The accompanying notes are an integral part of the consolidated financial statements.

STATEMENTS OF CONSOLIDATED CASH FLOWS - (Continued)

THE DELTONA CORPORATION AND SUBSIDIARIES
(in thousands)

	December 31, 2000	December 31, 1999	Decembe 1998
Reconciliation of net income (loss) to net cash provided by (used in) operating activities:			
Net income (loss)	$ (1,042)	$ (367)	$ (2
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	66	50	
Provision for estimated uncollectible sales and recourse obligations	1,641	322	
Contract valuation discount, net of amortization..........................	62	(5)	
Net (gain) loss on sale of property, plant and equipment	0	(3)	
Imputed Interest on debt with related party (See Note 5)	408	423	
(Increase) decrease in assets and increase (decrease) in liabilities:			
Gross contracts receivable plus deductions from reserves	(7,558)	(3,844)	(1
Mortgages and other receivables	(31)	85	
Land and land improvements	(138)	(658)	
Housing completed or under construction and other............................	(430)	6	
Prepaid expenses and other	(492)	(205)	
Accounts payable, accrued expenses and other	1,103	(3,801)	2
Customers' deposits	667	(266)	
Deferred revenue	1,662	859	
Total adjustments and changes	(3,040)	(7,037)	1
Net cash provided by (used in) operating activities	$ (4,082)	$ (7,404)	$ (1
Supplemental disclosure of non-cash investing and financing activities:			
Interest expense treated as contribution to capital (See Note 5)............................	$ 408	$ 423	$
Increase in inventory as a result of spec house acquisition and corresponding increase in debt ...	$ 863	$ -0-	$
Reduction of accrued interest and mortgage notes payable through transfer of contracts receivable .	$ 5,850	$ 4,151	$ 1
Sale of land to related party in return for future rent credits (see Note 8):			
Increase of prepaid expenses	$ -0-	$ -0-	$
Reduction of land inventory	$ -0-	$ -0-	$
Increase in deferred revenue	$ -0-	$ -0-	$

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The accompanying notes are an integral part of the consolidated financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

THE DELTONA CORPORATION AND SUBSIDIARIES

1. Basis of Presentation and Significant Accounting Policies

Basis of Presentation - Going Concern

The accompanying financial statements of The Deltona Corporation and subsidiaries (the "Company") have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business.

The Company has incurred a loss from operations for 2000 of $1,042,000, for 1999 of $367,000 and for 1998 of $2,591,000 resulting in a stockholders' deficiency of $8,839,000 as of December 31, 2000.

Following the restructuring of its debt in 1997 (see Note 5), the Company commenced the implementation of its business plan by redirecting its focus to single-family housing with the development of TimberWalk and other housing in Marion Oaks. The transactions described in Note 5 with Selex International, B.V. ("Selex"), Yasawa Holdings, N.V. ("Yasawa"), Scafholding B.V. ("Scafholding") and Swan Development Corporation ("Swan"), provided the Company with a portion of its financing requirements enabling the Company to commence implementation of the marketing program and attempt to accomplish the objectives of its business plan. Selex, Yasawa, Scafholding and Swan are related parties to the Company either because they are shareholders or as a result of common control.

The Company has been dependent on its ability to sell or otherwise finance contracts receivable and/or secure other financing sources to meet its cash requirements. Additional financing was required in 2000 and was funded through additional loans from Swan. Additional financing will be required in the future. Although in 1998 Scafholding purchased contracts receivables at the rate of 65% of face value, with recourse, and Swan loaned the Company additional funds to be paid back with contracts receivable at the rate of 90% of face value, with recourse in 1998, 1999 and 2000, there can be no guarantee that the Company will be able to generate sufficient receivables to obtain sufficient financing in the future or that Yasawa, Scafholding, Swan and other related parties will continue to make loans to the Company. (See Notes 5 and 11.)

The consolidated financial statements do not include any adjustments relating to the recoverability of asset amounts or the amounts of liabilities should the Company be unable to continue as a going concern.

Significant Accounting Policies

The Company's consolidated financial statements are prepared in accordance with generally accepted accounting principles. Material intercompany accounts and transactions are eliminated.

The Company is principally engaged in the development and sale of Florida real estate through the development of planned communities on land acquired for that purpose. The Company sells homesites under installment contracts which provide for payments over periods ranging from 2 to 10 years. Since 1991, the Company has offered only developed lots for sale. Sales of homesites are recorded under the percentage-of-completion method in accordance with Statement of Financial Accounting Standards No. 66, "Accounting for Sales of Real Estate" ("SFAS No. 66"). Since 1991, the Company has not recognized a sale until it has received 20% of the contract sales price. During 2000, 1999 and 1998, approximately 99%, 73% and 82% of sales were through two independent brokers in New York.

1. Basis of Presentation and Significant Accounting Policies (continued)

As part of its debt repayment obligation as described in Note 5, the Company transfers contracts and mortgages receivable, with recourse, to its lenders, many of which have not been recognized in the financial statements under the provisions of SFAS No. 66. The Company recognizes the contracts when transferred and records deferred revenue until such time as the requirements of SFAS No. 66 are met and the sale can be recognized.

At the time of recording a sale the Company records an allowance for the estimated cost to cancel the related contracts receivable through a charge to the provision for uncollectible sales. The amount of this provision and the adequacy of the allowance is determined by the Company's continuing evaluation of the portfolio and past cancellation experience. While the Company uses the best information available to make such evaluations it is at least reasonably possible, future adjustments to the allowance may be necessary in the near term as a result of future national and international economic and other conditions that may be beyond the Company's control. Changes in the Company's estimate of the allowance for previously recognized sales are reported in earnings in the period in which they become estimable and are charged to the provision for uncollectible contracts.

Land improvement costs are allocated to individual homesites based upon the relationship that the homesite's sales price bears to the total sales price of all homesites in the community. The estimated costs of improving homesites are based upon independent engineering estimates made in accordance with sound cost estimation and provide for anticipated cost-inflation factors. The estimates are systematically reviewed. When cost estimates are revised, the percentage relationship they bear to deferred revenues is recalculated on a cumulative basis to determine future income recognition as performance takes place.

Sales of houses and vacation ownership units, as well as all related costs and expenses, are recorded at the time of closing.

Interest costs directly related to, and incurred during, a project's construction period are capitalized. No interest was capitalized in 1998. In 1999 and 2000, approximately $62,000 and $99,000 in interest, respectively, was capitalized.

Property, plant and equipment is stated at cost. Depreciation is provided by the straight-line method over the estimated useful lives of the respective assets, which range from 5 to 33 years. Additions and betterments are capitalized, and maintenance and repairs are expensed as incurred. Generally, upon the sale or retirement of assets, the accounts are relieved of the costs and related accumulated depreciation and any gain or loss is reflected in income.

Advertising and marketing costs are charges to operations when incurred. Sales commissions are recognized as a liability when the related contract is accepted and charged to expense when the sale is recognized as revenue.

For the purposes of the statements of cash flows, the Company considers its investments, which are comprised of short term, highly liquid investments purchased with a maturity of three months or less, to be cash equivalents.

In accordance with Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" (SFAS No. 121), long-lived assets, such as inventories and property, plant and equipment to be held and used are to be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts of an asset may not be recoverable. As of December 31, 2000, there were no assets considered impaired under the provisions of the Statement.

1. Basis of Presentation and Significant Accounting Policies (continued)

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methods. Considerable judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize or incur in a current market exchange. The use of different market assumptions and/or estimation methods may have a material effect on the estimated fair value amounts. The Company's financial instruments consist of cash and cash equivalents, contracts and mortgages receivable, and similar debt. The carrying amount of cash and cash equivalents are reasonable estimates of fair value. The fair value of contracts and mortgages receivable and similar debt has been estimated using interest rates currently available for similar terms. The carrying value of the contracts and mortgages receivable and similar debt approximates fair value.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Certain reclassifications have been made to the 1999 financial information to conform to the 2000 presentation.

2. Contracts and Mortgages Receivable

At December 31, 2000, interest rates on contracts receivable outstanding ranged from 5% to 12% per annum (weighted average approximately 7.8%. The approximate principal maturities of contracts receivable were:

	December 31, 2000 (in thousands)
2001	$ 471
2002	420
2003	391
2004	422
2005	381
2006 and thereafter	24
Total	$2,109

If a regularly scheduled payment on a contract remains unpaid 30 days after its due date, the contract is considered delinquent. Aggregate delinquent contracts receivable at December 31, 2000 and 1999 approximate $797,000 and $856,000, respectively.

Information with respect to interest rates and average contract lives used in valuing new contracts receivable generated from sales follows:

Years Ended	Average Term	Average Stated Interest Rate	Discounted to Yield
December 31, 2000	98 months	7.8%	13.5%
December 31, 1999	88 months	7.5%	13.5%
December 31, 1998	94 months	8.3%	13.5%

2. Contracts and Mortgages Receivable (continued)

In 1990 and 1992, the Company sold contracts and mortgages receivable to third parties. These transactions, among other things, require that the Company replace or repurchase any receivable that becomes 90 days delinquent upon the request of the purchaser. Such requirement can be satisfied from contracts in which the purchaser holds a security interest (approximately $1,445,000 as of December 31, 2000). The Company has fully reserved for the estimated future cancellations based on the Company's historical experience for receivables the Company services and believes these reserves to be adequate. The Company did not replace any delinquent receivables in 1998, 1999 or 2000. As of December 31, 2000 and 1999, $1,211,000 and $1,083,000 in receivables were delinquent, respectively.

During 2000 and 1999, the Company transferred contracts and mortgages receivable, with recourse, in satisfaction of debt of $5,849,649 and $4,150,738, respectively. The Company is required to make monthly principal payments to Yasawa and Scafholding with contracts receivable at 100% of face value, with recourse. The Company is also required to make monthly principal payments to Swan with contracts receivable at 90% of face value, with recourse. The Company transfers all current contracts receivable in excess of the net aggregate sum of $500,000 to Swan on a monthly basis (See Note 5).

During 1998, Scafholding purchased approximately $1,400,000 in contracts and mortgages receivable from the Company at sixty-five percent (65%) of face value with recourse for non-performing contracts. These sales generated approximately $900,000 used to meet the Company's working capital requirements.

The Company was the guarantor of approximately $16,066,000 of contracts receivable sold or transferred as of December 31, 2000, for the transactions described above. There are no funds on deposit with purchasers of the receivables as security to assure collectibility as of such date. A provision has been established for the Company's obligation under the recourse provisions of which $2,730,000 remains at December 31, 2000. The Company has been in compliance with all receivable transactions since the consummation of receivable sales. Because of inherent uncertainties in estimating the recourse provisions, it is at least reasonably possible that the Company's estimate will change in the near term.

The Company has an agreement with Scafholding and Citony Development Corporation for the servicing of their receivable portfolios. The Company received approximately $75,300, $86,700 and $82,000, in 2000, 1999 and 1998, respectively, in revenue pursuant to these agreements. The Company also services the Swan receivable portfolio, which consisted of 564 contracts as of December 31, 2000; however, the Swan portfolio is serviced at no charge to Swan under the debt agreement.

3. Inventories

Information with respect to the classification of inventory of land and improvements including land held for sale or transfer is as follows:

	December 31, 2000	December 31, 1999
	(in thousands)	
Unimproved land....................	$ 420	$ 420
Land in various stages of development......................	2,316	2,633
Fully improved land................	5,639	5,184
Total......................	$8,375	$ 8,237

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

THE DELTONA CORPORATION AND SUBSIDIARIES

4. Property, Plant and Equipment

Property, plant and equipment and accumulated depreciation consist of the following:

	December 31, 2000		December 31, 1999	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
	(in thousands)			
Land and land improvements...	$ 74	$ -0-	$ 74	$ -0-
Other buildings, improvements and furnishings.............	1,122	803	1,116	789
Construction and other equipment...................	783	721	758	670
Total.................	$1,979	$ 1,524	$1,948	$1,459

Depreciation charged to operations for the years ended December 31, 2000, 1999 and 1998 was approximately $66,000, $50,000 and $45,000, respectively.

5. Mortgages and Similar Debt

As of December 31, 1999, the Company had satisfied its principal debt obligation to Scafholding. As of December 31, 2000, the Company's outstanding debt to Yasawa was $5,400,000 secured by a first lien on the Company's receivables and a mortgage on all of the Company's property. The terms of repayment of this debt have been restructured to provide for monthly payments of principal in the amount of $100,000 payable monthly in cash or with contracts receivable at 100% of face value, plus interest payable monthly on the declining balance at the rate of 9.6% per annum in cash or with contracts receivable at 65% of face value. Effective January 1, 1999, Yasawa and Scafholding agreed to reduce the annual percentage rate for their existing loans to the Company from 9.6% to 6% per annum.The interest rate was again changed effective January 1, 2001 and semi-annually thereafter, the interest rate will be adjusted to equal the prime rate then in effect. Yasawa and Scafholding did not require the Company to make interest payments for the period September 1, 1998 to December 31, 2000. As of December 31, 2000, the total amount of interest accrued is approximately $1,055,600.

From October 9, 1998 through the present, Swan continued to loan the Company funds to meet its working capital requirements (see Note 10). The Company's outstanding debt to Swan, which is secured by a second lien on the Company's receivables, was $5,572,000 as of December 31, 2000. The Company signed a promissory note to Swan in March 1999 which provides that funds advanced by Swan will be paid back by the Company monthly in contracts receivables at 90% of face value, with recourse. There is no interest for the first six months after an advance of money is received from Swan by the Company; thereafter the interest shall be 6% per annum on the outstanding balance of the advance. Effective January 1, 2001 and semi-annually thereafter, the interest rate will be adjusted to equal the prime rate then in effect. Each time an advance is made, a supplemental note is signed. The amount of each monthly payment will vary and will be dependent upon the amount of contracts receivable in the Company's portfolio, excluding contracts receivable held as collateral for prior receivable sales. Pursuant to the terms of the promissory note, the Company is required to transfer to Swan monthly as debt repayment all current contracts receivable in the Company's portfolio in excess of the aggregate sum of $500,000. Funds advanced by Swan are used by the Company to meet the Company's working capital requirements. As of December 31, 2000, the total amount of interest accrued as approximately $273,000.

The Company recorded interest expense on all outstanding debt balances for 2000 and 1999 to Yasawa, Scafholding and Swan at 8%, the Company's incremental borrowing rate. The difference between interest calculated at 8% and the amount accrued under the terms of the respective notes was recorded as a capital contribution increase to capital surplus. The Company recorded interest expense and a capital contribution in the amount of approximately $408,000 and $423,000 for 2000 and 1999, respectively.

5. Mortgages and Similar Debt (continued)

In the future, if the Company elects to do so, Yasawa and Scafholding have agreed to purchase contracts receivable at 65% of face value, with recourse. The Company has an agreement with Swan whereby Swan will loan the Company funds to be repaid with contracts receivable at 90% of face value, with recourse.

The following table presents information with respect to mortgages and similar debt (in thousands):

	Years Ended	
	December 31, 2000	December 31, 1999
Mortgage Notes Payable.....................	$ 5,400	$ 6,600
Other Loans................................	5,572	5,114
Total Mortgages and similar debt..........	$10,972	$11,714

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* Included in Mortgage Notes Payable is the Yasawa loan ($5,400,000 at December 31, 2000); included in Other Loans is the Swan loan ($5,572,000 as of December 31, 2000).

The following table presents information with respect to the minimum principal maturities of mortgages and similar debt for the next five years (excluding amounts owed to Swan):

	For the year ended December 31 (in thousands)
2001.........................	$ 1,200

2002.........................	1,200
2003.........................	1,200
2004.........................	1,200
2005.........................	600

	$ 5,400
	=======

Indebtedness under various purchase money mortgages and loan agreements is collateralized by substantially all of the Company's assets, including stock of certain wholly-owned subsidiaries.

6. Income Taxes

The Company follows the provisions of Statement of Financial Accounting Standard No. 109 "Accounting for Income Taxes." Differences between accounting rules and tax laws cause differences between the basis of certain assets and liabilities for financial reporting purposes and tax purposes. The tax effect of these differences, to the extent they are temporary, are recorded as deferred tax assets and liabilities. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred assets and liabilities.

For the years ended December 31, 2000, 1999 and 1998, the Company had a net loss for tax purposes and there was no material amount of taxes payable or refundable. Accordingly, there was no tax provision for such years.

As of December 31, 2000, the Company had a net deferred tax asset of approximately $15,017,000, which primarily resulted from the tax effect of the Company's net operating loss carryforward of $11,057,000, losses on subsidiaries sold in prior years of $ 3,960,000 and a difference in reporting the sale of land under the installment basis. A valuation allowance of $15,017,000 has been established against the net deferred tax asset.

6. Income Taxes (continued)

As of December 31, 1999, the Company had a net deferred tax asset of approximately $14,139,000 which primarily resulted from the tax effect of the Company's net operating loss carryforward of $8,610,000, losses on subsidiaries sold in prior years of $3,960,000 and a difference in reporting the sale of land under the installment basis. A valuation allowance of $14,139,000 has been established against the net deferred tax asset.

The Company's regular net operating loss carryover for tax purposes is estimated to be $39,729,000 at December 31, 2000, $542,000 of which was available through 2002, $9,189,000 through 2005, $9,780,000 through 2006, $5,029,000 through 2008, $5,401,000 through 2009, $1,977,000 through 2011, $1,354,000 through 2019 and $6,457,000 through 2020. In addition to the net operating loss carryover, alternative minimum tax credits of $386,000 are available to reduce federal income tax liabilities only after the net operating loss carryovers have been utilized.

The utilization of the Company's net operating loss and tax credit carryforwards could be impaired or reduced under certain circumstances, pursuant to changes in the federal income tax laws effected by the Tax Reform Act of 1986. Events which affect these carryforwards include, but are not limited to, cumulative stock ownership changes of 50% or more over a three-year period, as defined, and the timing of the utilization of the tax benefit carryforwards.

7. Liability for Improvements

The Company has an obligation to complete land improvements upon deeding which, depending on contractual provisions, typically occurs within 90 to 120 days after the completion of payments by the customer. The estimated cost to complete improvements to lots and tracts from which sales have been made at December 31, 2000 and 1999 was approximately $861,000 and $921,000, respectively. The foregoing estimates reflect the Company's current development plans at its communities (see Note 8). These estimates include: estimated development obligations applicable to sold lots of approximately $25,000; a liability to provide title insurance and deeding costs of $251,000 and $273,700, respectively, and an estimated cost of street maintenance, prior to assumption of such obligations by local governments, of $583,000 and $622,000, respectively, all of which are included in deferred revenue. Included in cash at December 31, 2000 and December 31, 1999, are escrow deposits of $7,200 restricted for completion of improvements in certain of the Company's communities.

The anticipated expenditures for land improvements, title insurance and deeding to complete areas from which sales have been made through December 31, 2000 are as follows:

	December 31, 2000 (in thousands)
2001.........................	$ 274
2002.........................	191
2003.........................	307
2004 and thereafter..........	89
Total....................	$ 861

8. Commitments and Contingent Liabilities

Total rental expense for the years ended December 31, 2000, December 31, 1999 and December 31, 1998 was approximately $89,000, 77,000 and $134,000, respectively.

The Company has a lease on its headquarters building in TimberWalk and on its Miami office that extend through 2003. Estimated rental expense under these leases is expected to be approximately $76,000 annually. The Company has no material equipment leases.

8. Commitments and Contingent Liabilities (continued)

During 1998, the Company transferred 14 lots and 4 tracts of land to Swan. In return, Swan built an office complex on part of the land for use by the Company for a period of 54 months, renewable thereafter. The Company valued the land transferred at approximately $440,000 and recorded the net present value of the use of the office complex of approximately $375,000 as prepaid rent. The difference between the net present value of the rent and the cost of the land was recorded as deferred profit and recognized over the lease term.

Additionally during 1998, Scafholding advanced the Company $200,000 against future administrative fees due the Company for selling lots owned by Scafholding. The Company recorded this advance as a deposit. In the years ended December 31, 2000, 1999 and 1998, the Company earned $38,520, $74,240 and $27,780, respectively, in fees for sold lots.

Homesite sales contracts provide for the return of all monies paid in (including paid-in interest) should the Company be unable to meet its contractual obligations after the use of reasonable diligence. If a refund is made, the Company will recover the related homesite and any improvement thereto.

Prior to 1999, the Company's continuing liquidity problems precluded the timely payment of the full amount of certain real estate taxes. In 1999, delinquent as well as current real estate taxes for all properties in the Company's saleable inventory were paid. On properties where customers have contractually assumed the obligation to pay real estate taxes, monies received from customers for payment of such taxes are deposited into a tax escrow maintained by the Company until paid.

In addition to the matters discussed above, the Company is a party to other litigation relating to the conduct of its business which is routine in nature and, in the opinion of management, should have no material effect upon the Company's operation.

9. Common Stock and Earnings Per Share Information

Net income (loss) per common share is computed in accordance with the requirements of Statement of Financial Accounting Standards No. 128 "Earnings Per Share" (SFAS No.128). SFAS No. 128 requires net income (loss) per share information to be computed using a simple weighted average of common shares outstanding during the periods presented.

The net earnings (loss) for 2000, 1999 and 1998 were $(1,042,000), $(367,000) and $ (2,591,000) , respectively. The average number of shares of common stock and common stock equivalents used to calculate basic earnings (loss) per share in 2000, 1999 and 1998 was 13,544,277.

10. Subsequent Events

Between January 1, 2001 and February 18, 2001, Swan loaned the Company $1,100,000 under similar terms as described in Note 5. These funds were used to meet the Company's current working capital requirements.

In January and February 2001, the Company transferred contracts receivable with a face value of $316,000 to Scafholding and contracts receivable with a face value of $1,096,000 to Swan under the terms described in Note 5.

ITEM 9.

INDEPENDENT PUBLIC ACCOUNTANTS

Audit Fees

The Company paid audit and review fees to James Moore & Co. P.L. totalling $65,800 for the year ended December 31, 2000.

Financial Information Systems and Implementation Fees

The Company did not incur and fees or costs associated with financial information systems or implementation fees.

All Other Fees

The Company paid fees to James Moore & Co. P.L. for preparation of tax related documentation in the amount of $13,375 for the year ended December 31, 2000.

SUPPLEMENTAL UNAUDITED QUARTERLY FINANCIAL DATA
(in thousands, except per share amounts)

	Revenues	(Loss) From Operations Before Income Taxes	(Loss) From Operations	Net Income (Loss)
2000				
First....	$ 2,087	$ (402)	$ (402)	$ (402)
Second...	$ 2,503	$ (69)	$ (69)	$ (69)
Third....	$ 2,794	$ 69	$ 69	$ 69
Fourth...	$ 2,233	$ (640)	$ (640)	$ (640)
Total......	$ 9,617	$ (1,042)	$ (1,042)	$ (1,042)
1999				
First.....	$ 2,184	$ (297)	$ (297)	$ (297)
Second....	2,277	(222)	(222)	(222)
Third.....	2,046	(280)	(280)	(280)
Fourth....	2,330	432	432	432

Total.......	$ 8,837	$ (367)	$ (367)	$ (367)
1998				
First....	$ 1,379	$ (621)	$ (621)	$ (621)
Second...	1,946	(304)	(304)	(304)
Third....	1,338	(1,269)	(1,269)	(1,269)
Fourth...	1,825	(397)	(397)	(397)
Total......	$ 6,488	$(2,591)	$ (2,591)	$ (2,591)

Earnings (Loss) Per Share(a)

	Operations	Net Income (Loss)
2000		
First	$ (.03)	$ (.03)
Second	(.01)	(.01)
Third	.01	.01
Fourth	(.05)	(.05)
Total	$ (.08)	$ (.08)
1999		
First	$ (.02)	$ (.02)
Second	(.02)	(.02)
Third	(.02)	(.02)
Fourth	.03	.03
Total	$ (.03)	$ (.03)
1998		
First	$ (.05)	$ (.05)
Second	(.02)	(.02)
Third	(.09)	(.09)
Fourth	(.03)	(.03)
Total	$ (.19)	$ (.19)

ITEM 14

EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) 1. Financial Statements

See Item 8, Index to Consolidated Financial Statements and Supplemental Data.

(a) 2. Financial Statement Schedules

All other schedules are omitted because they are not applicable or not required, or because the required information is included in the Consolidated Financial Statements or Notes thereto or the 2001 Annual Meeting Proxy Statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A, incorporated herein by reference.

(a) 3. Exhibits

See the Exhibit Index included herewith.

(b) Reports on Form 8-K

No report on Form 8-K was filed during the year ended December 31, 2000.

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS AND STOCKHOLDERS OF THE DELTONA CORPORATION:

We have audited the consolidated financial statements of The Deltona Corporation and subsidiaries (the "Company") as of December 31, 2000 and 1999 and for the years ended December 31, 2000, 1999 and 1998 and have issued our reports thereon dated February 18, 2001 (which expresses an unqualified opinion and includes an explanatory paragraph relating to the Company's ability to continue as a going concern), included elsewhere in this Annual Report on Form 10-K. Our audit also included the financial statement schedules listed in Item 14(a)2 of this Annual Report on Form 10-K. These financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion based on our audit. In our opinion, such financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly in all material respects the information set forth therein.

JAMES MOORE & COMPANY P.L.
Certified Public Accountants
Gainesville, Florida

February 18, 2001

SCHED

THE DELTONA CORPORATION AND SUBSIDIARIES

VALUATION AND QUALIFYING ACCOUNTS
(in thousands)

Those Valuation and Qualifying Accounts Which are Deducted in the Balance Sheet from the Assets to Which They Apply	Balance at Beginning of Period	Additions Charged to Revenues, Costs, and Expenses	Deductions from Reserves	B E P
Year ended December 31, 2000				
Allowance for uncollectible contracts(a)	$ 606	$ 1,641	$ 1,956	
Unamortized contract valuation discount(b)........	$ 293	$ 267	$ 296	
Year ended December 31, 1999				
Allowance for uncollectible contracts(a)	$ 945	$ 322	$ 661	
Unamortized contract valuation discount(b)........	$ 401	$ 172	$ 280	
Year ended December 31, 1998				
Allowance for uncollectible contracts(a)	$1,150	$ 840	$ 1,045	
Unamortized contract valuation discount(b)........	$ 508	$ 237	$ 344	

(a) Represents estimated uncollectible contracts receivable (see Notes 1 and 2 to Consolidated Financial Statements).

(b) Represents the unamortized discount generated from initial valuations of contracts receivable (see Notes 1 and 2 to Consolidated Financial Statements).

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE DELTONA CORPORATION
(Company)

By:/s/ Donald O. McNelley DATE: March 16, 2001

Donald O. McNelley, Treasurer

Pursuant to the requirements of the Securities Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on the date indicated.

/s/ Antony Gram

Antony Gram, Chairman of the Board of Directors, Chief Executive Officer and President

/s/ Christel DeWilde

Christel DeWilde, Director

/s/George W. Fischer

George W. Fischer, Director

/s/Rudy Gram

Rudy Gram, Director

/s/Thomas B. McNeill

Thomas B. McNeill, Director DATE: March 16, 2001