

**ORANGE COUNTY CONVENTION CENTER**

**ORANGE COUNTY, FLORIDA**

**ANNUAL FINANCIAL REPORT**

**for the years ended September 30, 2012 and 2011**

**ORANGE COUNTY CONVENTION CENTER**

**ANNUAL FINANCIAL REPORT**

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## Independent Auditors' Report

To the Honorable County Mayor and  
Board of County Commissioners of  
Orange County, Florida:

We have audited the accompanying basic financial statements of the Orange County Convention Center of Orange County, Florida (the "Center") as of and for the years ended September 30, 2012 and 2011, as listed in the table of contents. These financial statements are the responsibility of the management of Orange County, Florida. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As discussed in Note A to the financial statements, the financial statements referred to above present only the Center and do not purport to, and do not, present fairly the financial position of Orange County, Florida, as of September 30, 2012 and 2011, and the changes in its financial position and its cash flows, where applicable, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Orange County Convention Center of Orange County, Florida as of September 30, 2012 and 2011, and the changes in financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note A, the Center is administered by the Orange County, Florida Board of County Commissioners, for which, in accordance with *Government Auditing Standards*, a report is issued which includes our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The Schedule of Budgeted Revenues and Expenses Compared to Actual, Schedule of Bonded Debt and Interest, and General Debt Covenants are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The Schedule of Budgeted Revenues and Expenses Compared to Actual and Schedule of Bonded Debt and Interest have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Budgeted Revenues and Expenses Compared to Actual and Schedule of Bonded Debt and Interest are fairly stated in all material respects in relation to the basic financial statements as a whole. The General Debt Covenants have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Cheryl Behrman LLP*

Orlando, Florida  
January 31, 2013

**ORANGE COUNTY CONVENTION CENTER  
BALANCE SHEETS  
September 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
<b><u>ASSETS</u></b>		
Current assets:		
Cash and cash equivalents	\$ 117,137,875	\$ 90,384,485
Accrued interest receivable	265,537	230,430
Taxes receivable	11,535,083	19,393,202
Accounts receivable	675,241	802,561
Less allowance for doubtful accounts	(163,829)	(146,207)
Note receivable	275,000	275,000
Cash and cash equivalents, restricted	<u>53,776,863</u>	<u>53,039,034</u>
Total current assets	<u>183,501,770</u>	<u>163,978,505</u>
Noncurrent assets:		
Cash and cash equivalents, restricted	16,727,358	16,434,116
Investments, restricted	72,625,311	72,655,710
Note receivable	<u>1,116,423</u>	<u>1,399,667</u>
Capital assets:		
Land	111,601,451	111,601,451
Construction in progress	19,855,413	20,441,694
Buildings and improvements	1,388,305,515	1,381,764,509
Machinery and equipment	30,674,935	26,638,808
Intangible	8,094,291	8,094,291
Less accumulated depreciation and amortization	<u>(415,752,041)</u>	<u>(384,574,570)</u>
Total capital assets	<u>1,142,779,564</u>	<u>1,163,966,183</u>
Total noncurrent assets	<u>1,233,248,656</u>	<u>1,254,455,676</u>
Total assets	<u>\$ 1,416,750,426</u>	<u>\$ 1,418,434,181</u>
<b><u>LIABILITIES</u></b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 14,084,440	\$ 14,864,509
Due to other governmental agencies	7,230,369	11,074,286
Unearned revenue	6,702,255	6,151,055
Payable from restricted assets:		
Accrued interest payable	20,285,679	21,039,889
Revenue bonds payable	<u>31,490,000</u>	<u>29,985,000</u>
Total current liabilities	<u>79,792,743</u>	<u>83,114,739</u>
Noncurrent liabilities:		
Compensated absences payable	652,472	690,091
Revenue bonds payable (net of unamortized costs)	<u>776,386,353</u>	<u>807,675,133</u>
Total noncurrent liabilities	<u>777,038,825</u>	<u>808,365,224</u>
Total liabilities	<u>856,831,568</u>	<u>891,479,963</u>
<b><u>NET ASSETS</u></b>		
Invested in capital assets, net of related debt	330,577,675	324,208,536
Restricted for:		
Debt service	106,639,754	105,051,118
Other purposes	16,204,099	16,037,853
Unrestricted	<u>106,497,330</u>	<u>81,656,711</u>
Total net assets	<u>559,918,858</u>	<u>526,954,218</u>
Total liabilities and net assets	<u>\$ 1,416,750,426</u>	<u>\$ 1,418,434,181</u>

See accompanying notes to financial statements.

**ORANGE COUNTY CONVENTION CENTER  
STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS  
for the years ended September 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
Operating revenues:		
Event services	\$ 30,157,330	\$ 26,897,964
Rentals	15,078,613	16,168,882
Vendor commissions	3,414,423	3,534,161
Forfeited deposits	329,551	418,518
Miscellaneous	<u>930,602</u>	<u>1,088,560</u>
 Total operating revenues	 <u>49,910,519</u>	 <u>48,108,085</u>
 Operating and maintenance expenses:		
Personal services	26,060,185	25,389,196
Contractual services	7,613,392	7,546,880
Materials and supplies	2,257,277	1,842,087
Utilities	11,049,920	11,773,655
Repairs and maintenance	6,093,695	6,923,842
Other expenses	<u>5,864,216</u>	<u>5,887,277</u>
 Total operating and maintenance expenses	 <u>58,938,685</u>	 <u>59,362,937</u>
 Operating loss before depreciation and amortization	 (9,028,166)	 (11,254,852)
 Depreciation and amortization	 <u>31,866,796</u>	 <u>31,523,389</u>
 Operating loss	 <u>(40,894,962)</u>	 <u>(42,778,241)</u>
 Nonoperating revenues (expenses):		
Tourist development tax	175,302,639	175,854,576
Tax collection expense	(841,414)	(1,084,486)
Payments to other agencies	(59,603,721)	(63,322,270)
Interest revenue	1,055,265	791,989
Interest expense and fiscal charges	(39,261,551)	(40,259,464)
Gain (loss) on disposal of assets	27,336	(376,950)
Amortization of bond issuance costs	<u>(510,573)</u>	<u>(492,811)</u>
 Total net nonoperating revenues (expenses)	 <u>76,167,981</u>	 <u>71,110,584</u>
 Income before transfers	 35,273,019	 28,332,343
 Transfers out	 <u>(2,308,379)</u>	 <u>(2,236,568)</u>
 Change in net assets	 32,964,640	 26,095,775
 Total net assets, October 1	 <u>526,954,218</u>	 <u>500,858,443</u>
 Total net assets, September 30	 <u>\$ 559,918,858</u>	 <u>\$ 526,954,218</u>

See accompanying notes to financial statements.

**ORANGE COUNTY CONVENTION CENTER  
STATEMENTS OF CASH FLOWS  
for the years ended September 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Cash received from customers	\$ 49,792,058	\$ 45,741,259
Cash payments to suppliers for goods and services	(34,644,880)	(32,643,959)
Cash payments to employees for services	(26,164,304)	(25,554,102)
Other operating receipts	930,602	1,088,560
Program loans	<u>283,244</u>	<u>276,050</u>
Net cash used by operating activities	<u>(9,803,280)</u>	<u>(11,092,192)</u>
Cash flows from noncapital financing activities:		
Tourist development tax received	183,160,758	166,445,176
Payments to other agencies	(64,738,848)	(52,886,589)
Transfers out	(2,308,379)	(2,236,568)
Tax collection fees paid	<u>(841,414)</u>	<u>(1,084,486)</u>
Net cash provided by noncapital financing activities	<u>115,272,117</u>	<u>110,237,533</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(7,467,230)	(10,654,017)
Principal paid on revenue bonds	(29,985,000)	(29,285,000)
Interest and fees paid on revenue bonds	(41,355,853)	(39,295,160)
Proceeds from disposition of assets	<u>28,860</u>	<u>26,837</u>
Net cash used by capital and related financing activities	<u>(78,779,223)</u>	<u>(79,207,340)</u>
Cash flows from investing activities:		
Purchase of investments	(72,568,471)	(107,537,462)
Proceeds from sale and maturity of investments	72,585,237	106,775,831
Interest on investments	<u>1,078,081</u>	<u>959,844</u>
Net cash provided by investing activities	<u>1,094,847</u>	<u>198,213</u>
Net increase in cash and cash equivalents	27,784,461	20,136,214
Cash and cash equivalents, October 1	<u>159,857,635</u>	<u>139,721,421</u>
Cash and cash equivalents, September 30	<u>\$ 187,642,096</u>	<u>\$ 159,857,635</u>
Classified as:		
Current assets	\$ 117,137,875	\$ 90,384,485
Current assets, restricted	53,776,863	53,039,034
Noncurrent assets, restricted	<u>16,727,358</u>	<u>16,434,116</u>
Total	<u>\$ 187,642,096</u>	<u>\$ 159,857,635</u>

See accompanying notes to financial statements.

Continued

**ORANGE COUNTY CONVENTION CENTER  
STATEMENTS OF CASH FLOWS, Continued  
for the years ended September 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ (40,894,962)	\$ (42,778,241)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation and amortization	31,866,796	31,523,389
(Increase) decrease in assets:		
Accounts receivable	127,320	562,435
Allowance for doubtful accounts	17,622	(69,642)
Note receivable	283,244	276,050
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	(1,754,500)	1,230,802
Unearned revenue	<u>551,200</u>	<u>(1,836,985)</u>
Total adjustments	<u>31,091,682</u>	<u>31,686,049</u>
Net cash used by operating activities	<u>\$ (9,803,280)</u>	<u>\$ (11,092,192)</u>

See accompanying notes to financial statements.

**ORANGE COUNTY CONVENTION CENTER  
NOTES TO FINANCIAL STATEMENTS  
for the years ended September 30, 2012 and 2011**

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**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization and Purpose:

The Orange County Convention Center (the Center) is owned and operated by the Orange County Board of County Commissioners, Orange County, Florida, an elected body (the Board). The Center serves as a multi-purpose facility designed for conventions, trade shows, exhibits, and other community activities. The Orange County Comptroller, an elected official, provides the accounting and financial reporting functions for the Center. The Center is accounted for as an enterprise fund of the Board.

The Center was formally dedicated and opened on February 26, 1983. The Phase II expansion was opened in January 1989. The Center opened the Phase III expansion in January 1996 and the Phase IV expansion in July 1996, completing the facility currently known as the West Complex. The construction of the North-South Complex (the Phase V expansion project) was completed in September 2003. Land has been purchased for future expansion of the Center.

Basis of Presentation:

The Center uses the enterprise fund concept of accounting. Enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that expenses of services provided to customers, as well as depreciation, amortization, and interest, be recovered primarily through user charges.

Basis of Accounting:

The financial statements have been prepared on an accrual basis. Revenues are recognized when earned and expenses are recognized when incurred. In addition, the financial statements are prepared in conformity with accounting principles generally accepted in the United States of America.

Budgetary Data:

Florida Statutes require the Board to adopt an annual budget for the Center on an accrual basis. Revenues and expenses are budgeted on a basis consistent with generally accepted accounting principles except that depreciation, amortization, noncash capital contributions, and gains/losses on the disposal of assets are not budgeted, capitalized net interest costs on funds borrowed to finance the construction of capital assets are budgeted as interest income and interest expense, capital outlays are budgeted as expense, and debt proceeds and principal payments are respectively budgeted as revenue and expense. Beginning net assets and expenditure reserves are also included in the adopted budget. Encumbrance accounting, under which purchase orders are recorded as a reservation of available budget, is practiced during the year. At year end, outstanding encumbrances lapse and are not presented in the financial statements.

Continued

**ORANGE COUNTY CONVENTION CENTER**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**for the years ended September 30, 2012 and 2011**

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**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

The annual budget is subject to amendment during the year. The County Administrator is authorized to approve transfers of appropriations between individual expense accounts. The Board, by motion, may approve transfers of appropriations between a reserve account and an expense account. The Board, by resolution recorded in the minutes, may add to the overall appropriations of the Center due to a financing source unanticipated when the original budget was adopted or due to increased revenues above the level contemplated in the original budget. Amendments to overall appropriations for any other reasons also require a public hearing prior to adoption. There were no amendments during the 2012 and 2011 fiscal years that were extraordinary or unusual in cause or effect.

Cash and Cash Equivalents and Investments:

The Center's cash and cash equivalents consist of cash on hand, demand and time deposits, and highly liquid investments (including restricted assets) with a maturity of 90 days or less when purchased. With the exception of cash and investment balances held for debt service requirements, the Center's cash balances are pooled with other funds of Orange County (County) for investment purposes. The County investment pool allows all participating funds the ability to deposit and withdraw cash daily as needed, and therefore all balances representing participants' equity in the investments pool are classified as cash equivalents for purposes of these statements. Earnings from the pooled investments are allocated to the Center based on cash participation in the pool. All investments are stated at fair value. Investment fair values are based on quoted market prices, except for bankers' acceptances and commercial paper, which are based on accreted value. Mutual funds, which are SEC 2a-7 investment pools, are stated at share price which is substantially the same as fair value.

Accounts Receivable and Revenue Recognition:

Convention service revenues are recognized when earned, with an allowance for accounts considered to be uncollectible.

Restricted Assets:

The use of certain Center assets is restricted by specific provisions of bond indentures and agreements with various parties. Assets so designated are identified as restricted assets on the balance sheet. It is the Center's policy to first apply restricted assets when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Restricted assets are classified as noncurrent if they are for acquisition or construction of capital assets, for liquidation of long-term debts, or are for other than current operations.

Continued

**ORANGE COUNTY CONVENTION CENTER**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**for the years ended September 30, 2012 and 2011**

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**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

Note Receivable:

On January 30, 2007, the Board entered into an agreement with Hilton-OCCC Hotel to provide a no interest loan in the amount of \$2.2 million to Hilton-OCCC Hotel for the construction of an above-ground pedestrian access facility. The agreement provided for \$1.1 million to be drawn upon issuance of a building permit for the access facility, with the remaining \$1.1 million to be drawn upon substantial completion of the facility. Hilton-OCCC Hotel began repayment of the note upon commencement of operations. The entire amount is being repaid over a period not to exceed six years from the date of issuance of the Certificate of Occupancy for the Hilton-OCCC Hotel on August 25, 2009. As of September 30, 2012 and 2011, the amount of the note outstanding was \$1.39 million and \$1.67 million, respectively.

Capital Assets:

Capital assets are stated at cost when purchased or constructed, or at fair market value when donated to the Center. The Center capitalizes expenditures for additions and improvements. The thresholds for capitalization of assets range from \$500 to \$25,000, depending on the asset class. Expenses for maintenance and repairs are charged to operations. Projects under construction are retained in Construction in Progress and are transferred into Buildings and Improvements when placed in service. Provisions for depreciation are made using the straight-line method, based upon the following estimated useful lives of the assets:

Buildings	20-50 years
Improvements other than buildings	5-50 years
Machinery and equipment	3-10 years

In fiscal year 2000, the Board entered into an agreement with Orlando Utilities Commission (OUC) which called for ownership of certain chilled water air cooling equipment to be transferred from the Center to OUC. In return, OUC is providing reduced rates for electric service for 20 years. The Center records these rights as intangible capital assets to be amortized over the 20-year life of the agreement.

In October 2008, the Center and the Board's Environmental Protection Division developed a project in partnership with the State of Florida and OUC that resulted in Central Florida's first large-scale solar energy photovoltaic system (the "Project"). The roof of Phase V of the Center provided a unique opportunity for a photovoltaic system of this size. The Center provided approximately \$4.3 million to the Project for the exclusive right to receive all the electricity generated by the Project at no cost. The Board holds all right, title, and interest in the Project facilities. The Center records this right as an intangible capital asset to be amortized over the 30-year anticipated life of the Project.

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**ORANGE COUNTY CONVENTION CENTER**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**for the years ended September 30, 2012 and 2011**

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**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

Accounts Payable and Accrued Liabilities:

Current liabilities reported as accounts payable and accrued liabilities were comprised of the following components at September 30:

	2012	2011
Due to vendors and other agencies	\$ 11,562,633	\$ 12,276,574
Salaries and benefits payable	2,521,807	2,587,935
	\$ 14,084,440	\$ 14,864,509

Unearned Revenue/Forfeited Deposits:

As the Center enters into contracts for rental of space for future events, certain amounts are collected in advance in order to secure the facility on the specified dates. These amounts are reported as unearned revenue until the event occurs, at which time operating revenue is recognized. If the lessee cancels the event, and the Center is unable to re-let the space, the amounts collected in advance are retained by the Center, and recognized as forfeited deposit revenue.

Obligation for Bond Arbitrage Rebate:

Pursuant to Section 148(f) of the U.S. Internal Revenue Code, the Center must rebate to the United States Government the excess of interest earned from the investment of certain debt proceeds and pledged revenues over the yield rate of the applicable debt. Arbitrage rebate, if any, is due and payable on each five-year anniversary of the respective debt issue. As of September 30, 2012 and 2011, the Center had no outstanding arbitrage liability.

Compensated Absences:

The Center accrues a liability, with a corresponding charge to current operations, for employees' rights to receive compensation for future absences to be subsequently taken or paid at point of employment termination in accordance with GASB Statement No. 16. The liability for compensated absences was \$2,379,542 and \$2,426,001 at September 30, 2012 and 2011, respectively. Of these amounts, \$1,727,070 and \$1,735,910, respectively, is expected to be paid out within one year and thus is included in current liabilities; the remainder is reported as noncurrent. The current portion is based on the average annual amount of leave charged over the preceding three years.

Operating and Nonoperating Revenues:

The Center reports as operating revenues all charges for services generated through rental of the facility, including hall and room rentals, fees for support services associated with events,

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**ORANGE COUNTY CONVENTION CENTER  
NOTES TO FINANCIAL STATEMENTS, Continued  
for the years ended September 30, 2012 and 2011**

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**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

and commissions from vendors. Other revenues, including tourist development taxes and interest revenue, are classified as nonoperating.

Capitalization of Interest:

In accordance with GASB Statement No. 62, the Center capitalizes net interest costs on funds used to finance the construction of capital assets. The amount of interest cost capitalized for the fiscal years ended September 30, 2012 and 2011 was as follows:

	<u>2012</u>	<u>2011</u>
Interest expense	\$ 1,017,501	\$ 898,453
Amortization of bond issuance costs	<u>13,242</u>	<u>11,017</u>
Increase in construction in progress	<u>\$ 1,030,743</u>	<u>\$ 909,470</u>

The total interest cost for the Center was \$39,231,265 and \$40,191,348 for the fiscal years ended September 30, 2012 and 2011, respectively.

Bond Amortization Costs:

Bond premium, discount, and costs associated with issuance of long-term debt are being amortized over the life of the debt using the interest method. Some of these costs are capitalized as noted above. Also, in accordance with GASB Statement No. 23, the difference between the reacquisition price and the net carrying amount of defeased debt in refunding transactions is being amortized over the shorter of the life of the old debt or the life of the new debt using the interest method. Amortization of bond issuance costs which is not capitalized is recorded as a non-operating expense, and amortization of bond premium and discount and the deferred amount on refunding which are not capitalized are recorded as components of interest expense. Amortization of these bond costs for the fiscal years ended September 30, 2012 and 2011 was as follows:

	<u>2012</u>	<u>2011</u>
Net amortization of bond discount (premium)	\$ (5,000,562)	\$ (5,261,322)
Amortization of issuance costs	510,573	492,811
Amortization of deferred amounts on refundings	4,686,124	4,234,143

Continued

**ORANGE COUNTY CONVENTION CENTER  
NOTES TO FINANCIAL STATEMENTS, Continued  
for the years ended September 30, 2012 and 2011**

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**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

New Accounting Pronouncement:

Effective October 1, 2011, the County elected to early implement the provisions of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Implementation of this statement had no effect on the financial statements of the Center and minimal effect on certain note disclosures.

**B. DEPOSIT AND INVESTMENT RISK**

As of September 30, 2012 and 2011, the carrying value of the Center's deposits and investments, with their respective Standard & Poor's credit ratings, was as follows:

<u>Investment Type</u>	<u>2012</u>	<u>2011</u>	<u>Credit Rating</u>
Demand and time deposits	\$ 12,039,172	\$ 11,307,824	NA
Money market mutual funds	52,299,306	51,421,550	AAAm
U.S. Treasury Bills	72,625,311	72,655,710	A-1+
County investment pool:			
U.S. Treasury Bills	27,701,714	28,881,883	A-1+
U.S. Treasury Notes	77,282,844	54,039,949	AA+
Federal instrumentalities:			
Discount notes	1,598,654	-	A-1+
Notes and bonds	9,609,119	-	AA+
Money market mutual funds	7,111,287	14,206,429	AAAm
	<u>\$ 260,267,407</u>	<u>\$ 232,513,345</u>	

The Center deposits all cash and investments, with the exception of balances for debt service requirements, in the County's investment pool portfolio. Funds required to be provided for debt service are maintained by the Center separately from the pooled investments. Investment balances by type, included in the County's investment pool, are presented above based on the Center's proportionate share of the investment pool portfolio.

Credit Risk:

The Board's Investment Policy (Policy) limits credit risk by restricting authorized investments to the following: obligations issued or explicitly guaranteed by the U.S. Government (Treasuries), obligations of certain U.S. Government-sponsored Federal instrumentalities (Instrumentalities), direct obligations of states and municipalities, repurchase agreements comprised of Treasuries or Instrumentalities, Florida PRIME administered by the Florida State Board of Administration, commercial paper, bankers' acceptances, bank certificates of deposit or savings accounts, and money market mutual funds (Money Markets). The Policy requires that investments in Instrumentality debt be guaranteed by the full faith and credit of

Continued

**ORANGE COUNTY CONVENTION CENTER**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**for the years ended September 30, 2012 and 2011**

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**B. DEPOSIT AND INVESTMENT RISK, Continued**

Government-sponsored agency, and that investments in Money Markets have a Standard & Poor's rating of AAAm or AAAg. Eligible Money Markets are limited to those comprised of Treasuries.

Concentration of Credit Risk:

Except for Treasuries, the Policy establishes limitations on portfolio composition for all permitted investments, both by investment type and by issuer, in order to control concentration of credit risk. The Policy, which pertains to the overall investment pool portfolio of the Board and is not monitored at the individual fund level, provides that a maximum of 45% of the portfolio may be invested in any of four specified Instrumentalities, with a limit of 15% of the portfolio invested in any one issuer; and that a maximum of 25% of the portfolio may be invested in Money Markets, with a limit of 10% of the portfolio invested in any one issuer. At September 30, 2012, the Center's portion of the Board investment pool portfolio was invested in three authorized Instrumentalities, each of which represented less than four percent of the pool portfolio.

Custodial Credit Risk:

The Policy requires that bank demand and time deposits be secured as provided by Chapter 280, Florida Statutes. This law requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the Chief Financial Officer of the State of Florida. Additionally, the Center's bank deposits were fully secured by the FDIC under the Dodd-Frank Deposit Insurance provision, which provides unlimited FDIC insurance on non-interest bearing transaction accounts through December 31, 2012. At September 30, 2012 and 2011, all of the Center's bank deposits were in qualified public depositories.

The Policy requires execution of a third-party custodial safekeeping agreement for all purchased securities, and requires that securities be held in the Board's name. As of September 30, 2012 and 2011, all of the Center's investments were held in a bank's trust department in the Board's name.

Interest Rate Risk:

For all investment types, the Policy limits the investment of current operating funds to 13 months. To increase returns and provide diversity, the Policy also provides for the investment of noncurrent (beyond 13 months) operating funds in investments with maturities no longer than 60 months. Noncurrent operating funds are invested in the intermediate term portfolio with a maximum maturity of 36 months, and the noncurrent operating portfolio with a maximum maturity of 60 months. Construction funds and debt service reserve funds may be invested for up to 10 years, subject to debt covenant restrictions and liquidity needs.

Continued

**ORANGE COUNTY CONVENTION CENTER**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**for the years ended September 30, 2012 and 2011**

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**B. DEPOSIT AND INVESTMENT RISK, Continued**

The Center's investments had weighted average maturities of 18.1 months and 12.5 months at September 30, 2012 and 2011, respectively. The portfolio did not contain any callable securities at September 30, 2012 and 2011. The Money Markets have a weighted average maturity of not more than 60 days.

**C. RESTRICTED ASSETS**

The use of certain Center assets is restricted by specific provisions of bond indentures and agreements with various parties. Restricted assets were as follows at September 30, 2012 and September 30, 2011.

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>	<u>Totals</u>
<u>September 30, 2012:</u>			
Bond interest	\$ 20,286,047	\$ -	\$ 20,286,047
Bond principal	31,490,000	-	31,490,000
Bond reserve	523,259	72,625,311	73,148,570
Sixth cent TDT	2,000,816	-	2,000,816
Hotel surcharge	16,204,099	-	16,204,099
	<hr/>	<hr/>	<hr/>
Total restricted assets	70,504,221	72,625,311	143,129,532
Less: current portion	53,776,863	-	53,776,863
	<hr/>	<hr/>	<hr/>
Restricted assets, noncurrent portion	<u>\$ 16,727,358</u>	<u>\$ 72,625,311</u>	<u>\$ 89,352,669</u>
<u>September 30, 2011:</u>			
Bond interest	\$ 21,040,288	\$ -	\$ 21,040,288
Bond principal	29,985,000	-	29,985,000
Bond reserve	396,263	72,655,710	73,051,973
Sixth cent TDT	2,013,746	-	2,013,746
Hotel surcharge	16,037,853	-	16,037,853
	<hr/>	<hr/>	<hr/>
Total restricted assets	69,473,150	72,655,710	142,128,860
Less: current portion	53,039,034	-	53,039,034
	<hr/>	<hr/>	<hr/>
Restricted assets, noncurrent portion	<u>\$ 16,434,116</u>	<u>\$ 72,655,710</u>	<u>\$ 89,089,826</u>

Continued

**ORANGE COUNTY CONVENTION CENTER**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**for the years ended September 30, 2012 and 2011**

**D. CAPITAL ASSETS**

Capital asset activity for the years ended September 30, 2012 and 2011 was as follows:

	Balance 10/1/2011	Additions	Reductions	Balance 9/30/2012
Capital assets, not being depreciated:				
Land	\$ 111,601,451	\$ -	\$ -	\$ 111,601,451
Construction in progress	20,441,694	5,797,044	(6,383,325)	19,855,413
Total capital assets, not being depreciated	<u>132,043,145</u>	<u>5,797,044</u>	<u>(6,383,325)</u>	<u>131,456,864</u>
Capital assets, being depreciated/amortized:				
Buildings	1,333,832,732	6,033,352	-	1,339,866,084
Improvements other than buildings	47,931,777	507,654	-	48,439,431
Machinery and equipment	26,638,808	4,726,977	(690,850)	30,674,935
Intangible	8,094,291	-	-	8,094,291
Total capital assets, being depreciated/amortized	<u>1,416,497,608</u>	<u>11,267,983</u>	<u>(690,850)</u>	<u>1,427,074,741</u>
Less accumulated depreciation/amortization for:				
Buildings	(349,237,430)	(28,621,110)	-	(377,858,540)
Improvements other than buildings	(10,746,017)	(1,468,767)	-	(12,214,784)
Machinery and equipment	(22,340,079)	(1,443,573)	689,325	(23,094,327)
Intangible	(2,251,044)	(333,346)	-	(2,584,390)
Total accumulated depreciation/amortization	<u>(384,574,570)</u>	<u>(31,866,796)</u>	<u>689,325</u>	<u>(415,752,041)</u>
Total capital assets, being depreciated/amortized, net	<u>1,031,923,038</u>	<u>(20,598,813)</u>	<u>(1,525)</u>	<u>1,011,322,700</u>
Total Center capital assets, net	<u>\$ 1,163,966,183</u>	<u>\$ (14,801,769)</u>	<u>\$ (6,384,850)</u>	<u>\$ 1,142,779,564</u>
	Balance 10/1/2010	Additions	Reductions	Balance 9/30/2011
Capital assets, not being depreciated:				
Land	\$ 111,601,451	\$ -	\$ -	\$ 111,601,451
Construction in progress	15,786,987	9,818,621	(5,163,914)	20,441,694
Total capital assets, not being depreciated	<u>127,388,438</u>	<u>9,818,621</u>	<u>(5,163,914)</u>	<u>132,043,145</u>
Capital assets, being depreciated/amortized:				
Buildings	1,329,694,937	4,137,795	-	1,333,832,732
Improvements other than buildings	47,130,724	801,053	-	47,931,777
Machinery and equipment	25,910,870	1,906,365	(1,178,427)	26,638,808
Intangible	8,094,291	-	-	8,094,291
Total capital assets, being depreciated/amortized	<u>1,410,830,822</u>	<u>6,845,213</u>	<u>(1,178,427)</u>	<u>1,416,497,608</u>
Less accumulated depreciation/amortization for:				
Buildings	(321,126,036)	(28,111,394)	-	(349,237,430)
Improvements other than buildings	(9,349,048)	(1,396,969)	-	(10,746,017)
Machinery and equipment	(21,502,783)	(1,681,680)	844,384	(22,340,079)
Intangible	(1,917,698)	(333,346)	-	(2,251,044)
Total accumulated depreciation	<u>(353,895,565)</u>	<u>(31,523,389)</u>	<u>844,384</u>	<u>(384,574,570)</u>
Total capital assets, being depreciated, net	<u>1,056,935,257</u>	<u>(24,678,176)</u>	<u>(334,043)</u>	<u>1,031,923,038</u>
Total Center capital assets, net	<u>\$ 1,184,323,695</u>	<u>\$ (14,859,555)</u>	<u>\$ (5,497,957)</u>	<u>\$ 1,163,966,183</u>

Continued

**ORANGE COUNTY CONVENTION CENTER  
NOTES TO FINANCIAL STATEMENTS, Continued  
for the years ended September 30, 2012 and 2011**

**E. CHANGES IN LONG-TERM LIABILITIES**

A summary of the changes in long-term liabilities (current and noncurrent portions) of the Center for the years ended September 30, 2012 and 2011 is as follows:

	Balance 10/1/2011	Additions	Reductions	Balance 9/30/2012
Compensated absences payable	\$ 2,426,001	\$ 1,725,669	\$ (1,772,128)	\$ 2,379,542
Revenue bonds payable	863,665,000	-	(29,985,000)	833,680,000
Less unamortized costs:				
Bond premium/discount, net	37,789,457	-	(5,130,257)	32,659,200
Bond issuance costs	(6,082,403)	-	523,815	(5,558,588)
Deferred amount on refunding	(57,711,921)	-	4,807,662	(52,904,259)
Total revenue bonds payable, net of unamortized costs	837,660,133	-	(29,783,780)	807,876,353
Center long-term liabilities, including current portion	<u>\$ 840,086,134</u>	<u>\$ 1,725,669</u>	<u>\$ (31,555,908)</u>	<u>\$ 810,255,895</u>

	Balance 10/1/2010	Additions	Reductions	Balance 9/30/2011
Compensated absences payable	\$ 2,600,544	\$ 1,464,433	\$ (1,638,976)	\$ 2,426,001
Revenue bonds payable	892,950,000	-	(29,285,000)	863,665,000
Less unamortized costs:				
Bond premium/discount, net	43,168,393	-	(5,378,936)	37,789,457
Bond issuance costs	(6,586,231)	-	503,828	(6,082,403)
Deferred amount on refunding	(62,040,715)	-	4,328,794	(57,711,921)
Total revenue bonds payable, net of unamortized costs	867,491,447	-	(29,831,314)	837,660,133
Center long-term liabilities, including current portion	<u>\$ 870,091,991</u>	<u>\$ 1,464,433</u>	<u>\$ (31,470,290)</u>	<u>\$ 840,086,134</u>

**F. REVENUE BONDS PAYABLE**

On April 17, 2002, the Board issued \$216,460,000 of Tourist Development Tax Subordinate Revenue Bonds, Series 2002 to pay a portion of the costs of the Phase V expansion of the Center, and to pay expenses of issuance of the Series 2002 Bonds. On October 27, 2004, the Tourist Development Tax Subordinate Revenue Bonds, Series 2002, ascended to senior lien status, as the conditions specified in the bond indenture had been satisfied to allow this to occur. Effective at that time, the bonds took on parity status with the other currently outstanding Tourist Development Tax Bonds. Additionally, the name of the bonds was

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**ORANGE COUNTY CONVENTION CENTER**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**for the years ended September 30, 2012 and 2011**

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**F. REVENUE BONDS PAYABLE, Continued**

changed to "Tourist Development Tax Revenue Bonds, Series 2002," to reflect the senior lien status. On June 6, 2006, the Board issued \$73,435,000 of Tourist Development Tax Refunding Revenue Bonds, Series 2006 to advance refund all of the \$70,475,000 of outstanding Series 2002 Bonds maturing or subject to mandatory call on October 1, 2023, 2024, 2031, and 2032. On June 6, 2007, the Board issued \$139,635,000 of Tourist Development Tax Refunding Revenue Bonds, Series 2007 to advance refund all of the \$136,380,000 of outstanding Series 2002 Bonds maturing on and after October 1, 2013.

The Series 2002 Bonds that remain outstanding are not subject to redemption prior to maturity.

On July 3, 2002, the Board issued \$57,340,000 of Tourist Development Tax Refunding Revenue Bonds, Series 2002A to refund on a current basis all of the \$58,165,000 of outstanding Tourist Development Tax Refunding Revenue Bonds, Series 1992A maturing after October 1, 2002, and to pay expenses of issuance of the Series 2002A Bonds.

The Series 2002A Bonds are not subject to redemption prior to maturity.

On October 8, 2003, the Board issued \$17,330,000 Tourist Development Tax Refunding Revenue Bonds, Series 2003A to advance refund all of the \$15,780,000 of outstanding Tourist Development Tax Revenue Bonds, Series 1994B maturing on October 1, 2019, and to pay expenses of issuance of the Series 2003A Bonds.

Series 2003A Bonds maturing on or after October 1, 2014 are redeemable prior to their stated date of maturity, at the option of the Board, in whole or in part (by lot within maturities) on any date on or after October 1, 2013, at a redemption price equal to the principal amount plus accrued interest to the redemption date, with no redemption premium.

On May 10, 2005, the Board issued \$238,285,000 of Tourist Development Tax Refunding Revenue Bonds, Series 2005 to advance refund all of the \$239,050,000 of outstanding Tourist Development Tax Revenue Bonds, Series 2000 maturing on and after October 1, 2010, to fund the Bond Reserve Account to the extent of the deficiency therein upon the issuance of the Series 2005 Bonds, and to pay expenses of issuance of the Series 2005 Bonds.

Series 2005 Bonds maturing on or after October 1, 2016 are redeemable prior to their stated date of maturity, at the option of the Board in whole or in part (by lot within maturities) on any date on or after October 1, 2015, at a redemption price equal to the principal amount plus accrued interest to the redemption date, with no redemption premium.

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**ORANGE COUNTY CONVENTION CENTER  
NOTES TO FINANCIAL STATEMENTS, Continued  
for the years ended September 30, 2012 and 2011**

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**F. REVENUE BONDS PAYABLE, Continued**

On June 6, 2006, the Board issued \$73,435,000 of Tourist Development Tax Refunding Revenue Bonds, Series 2006 to advance refund all of the \$70,475,000 of outstanding Tourist Development Tax Revenue Bonds, Series 2002 maturing or subject to mandatory call on October 1, 2023, 2024, 2031, and 2032, and to pay expenses of issuance of the Series 2006 Bonds.

Series 2006 Bonds maturing on or after October 1, 2017 are redeemable prior to their stated date of maturity, at the option of the Board in whole or in part (by lot within maturities) on any date on or after October 1, 2016, at a redemption price equal to the principal amount plus accrued interest to the redemption date, with no redemption premium.

Series 2006 Term Bonds maturing on October 1, 2024 and 2030 are subject to mandatory redemption prior to maturity, by lot, at a redemption price equal to par plus accrued interest to the date of redemption on October 1 of each year, in the following principal amounts in the years specified:

Term Bonds Due October 1, 2024:

<u>Year</u>	<u>Principal Amount</u>
2023	\$ 2,290,000
2024 (final maturity)	2,395,000

Term Bonds Due October 1, 2030:

<u>Year</u>	<u>Principal Amount</u>
2025	\$ 125,000
2026	130,000
2027	135,000
2028	140,000
2029	145,000
2030 (final maturity)	155,000

On June 6, 2007, the Board issued \$139,635,000 of Tourist Development Tax Refunding Revenue Bonds, Series 2007 to advance refund all of the \$136,380,000 of outstanding Tourist Development Tax Revenue Bonds, Series 2002 maturing on and after October 1, 2013, and to pay expenses of issuance of the Series 2007 Bonds.

Series 2007 Bonds maturing on or after October 1, 2018 are redeemable prior to their stated date of maturity, at the option of the Board in whole or in part (by lot within maturities) on any date on or after October 1, 2017, at a redemption price equal to the principal amount plus accrued interest to the redemption date, with no redemption premium.

Continued

**ORANGE COUNTY CONVENTION CENTER  
NOTES TO FINANCIAL STATEMENTS, Continued  
for the years ended September 30, 2012 and 2011**

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**F. REVENUE BONDS PAYABLE, Continued**

On July 11, 2007, the Board issued \$167,800,000 of Tourist Development Tax Refunding Revenue Bonds, Series 2007A to refund on a current basis all of the \$176,345,000 of outstanding Tourist Development Tax Refunding Revenue Bonds, Series 1997, and to pay expenses of issuance of the Series 2007A Bonds.

Series 2007A Bonds maturing on or after October 1, 2018 are redeemable prior to their stated date of maturity, at the option of the Board in whole or in part (by lot within maturities) on any date on or after October 1, 2017, at a redemption price equal to the principal amount plus accrued interest to the redemption date, with no redemption premium.

On September 1, 2009, the Board issued \$83,405,000 of Tourist Development Tax Refunding Revenue Bonds, Series 2009 to refund on a current basis all of the \$43,630,000 of outstanding Tourist Development Tax Refunding Revenue Bonds, Series 1998A maturing on October 1, 2011-2018, and all of the \$45,300,000 of outstanding Tourist Development Tax Revenue Bonds, Series 1998B maturing on October 1, 2011-2018, and to pay expenses of issuance of the Series 2009 Bonds.

The Series 2009 Bonds are not subject to redemption prior to maturity.

On September 28, 2010, the Board issued \$144,395,000 of Tourist Development Tax Refunding Revenue Bonds, Series 2010 to refund on a current basis all of the \$115,590,000 of outstanding Tourist Development Tax Refunding Revenue Bonds, Series 1998A maturing or subject to mandatory call on October 1, 2019-2024, and all of the \$46,775,000 of outstanding Tourist Development Tax Revenue Bonds, Series 1998B maturing October 1, 2019-2024, and to pay expenses of issuance of the Series 2010 Bonds. As of the closing date, the current refunding transaction resulted in a cash flow savings of \$23,253,923 over the life of the refunded maturities and a net present value debt service savings of \$16,101,741 discounted at 3.7%.

The Series 2010 Bonds are not subject to redemption prior to maturity.

Continued

**ORANGE COUNTY CONVENTION CENTER  
NOTES TO FINANCIAL STATEMENTS, Continued  
for the years ended September 30, 2012 and 2011**

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**F. REVENUE BONDS PAYABLE, Continued**

The following is a summary of revenue bonds payable as of September 30, 2012 and 2011:

	September 30	
	2012	2011
<u>\$216,460,000 Tourist Development Tax Revenue Bonds, Series 2002:</u>		
Serial bonds, due October 1, from 2011 to 2012 with interest due semi-annually on April 1 and October 1, at 4.375% to 4.50%	\$ 1,260,000	\$ 2,460,000
Less: Unamortized bond premium/discount (net)	-	(589)
Unamortized bond issuance costs	-	(1,426)
	1,260,000	2,457,985
<u>\$57,340,000 Tourist Development Tax Refunding Revenue Bonds, Series 2002A:</u>		
Serial bonds, due October 1, from 2011 to 2013 with interest due semi-annually on April 1 and October 1, at 5.375% to 5.50%	12,670,000	18,515,000
Unamortized bond premium	104,684	260,856
Unamortized bond issuance costs	(23,115)	(57,597)
Deferred amount on refunding	(103,274)	(257,341)
	12,648,295	18,460,918
<u>\$17,330,000 Tourist Development Tax Refunding Revenue Bonds, Series 2003A:</u>		
Serial bonds, due October 1, from 2011 to 2019 with interest due semi-annually on April 1 and October 1, at 3.50% to 4.25%	16,410,000	16,535,000
Unamortized bond discount	(32,176)	(37,511)
Unamortized bond issuance costs	(205,582)	(239,673)
Deferred amount on refunding	(1,022,858)	(1,192,477)
	15,149,384	15,065,339

Continued

**ORANGE COUNTY CONVENTION CENTER**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**for the years ended September 30, 2012 and 2011**

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**F. REVENUE BONDS PAYABLE, Continued**

	September 30	
	2012	2011
<u>\$238,285,000 Tourist Development Tax Refunding Revenue Bonds, Series 2005:</u>		
Serial bonds, due October 1, from 2011 to 2031 with interest due semi-annually on April 1 and October 1, at 4.25% to 5.00%	\$ 216,760,000	\$ 227,100,000
Unamortized bond premium	6,160,424	7,236,058
Unamortized bond issuance costs	(1,956,504)	(2,096,146)
Deferred amount on refunding	(11,151,489)	(11,947,406)
Series 2005 Bonds payable net of unamortized costs	209,812,431	220,292,506
<u>\$73,435,000 Tourist Development Tax Refunding Revenue Bonds, Series 2006:</u>		
Serial bonds, due October 1, from 2011 to 2022 and 2031 to 2032 with interest due semi-annually on April 1 and October 1, at 3.75% to 5.00%	67,510,000	67,600,000
Term bonds, due October 1, 2024, with interest due semi-annually on April 1 and October 1, at 4.50%	4,685,000	4,685,000
Term bonds, due October 1, 2030, with interest due semi-annually on April 1 and October 1, at 4.625%	830,000	830,000
Series 2006 Bonds payable	73,025,000	73,115,000
Unamortized bond premium	264,753	277,308
Unamortized bond issuance costs	(669,922)	(690,327)
Deferred amount on refunding	(3,187,036)	(3,274,607)
Series 2006 Bonds payable net of unamortized costs	69,432,795	69,427,374

Continued

**ORANGE COUNTY CONVENTION CENTER  
NOTES TO FINANCIAL STATEMENTS, Continued  
for the years ended September 30, 2012 and 2011**

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**F. REVENUE BONDS PAYABLE, Continued**

	September 30	
	2012	2011
<u>\$139,635,000 Tourist Development Tax Refunding Revenue Bonds, Series 2007:</u>		
Serial bonds, due October 1, from 2011 to 2030 with interest due semi-annually on April 1 and October 1, at 4.00% to 4.75%	\$ 138,790,000	\$ 139,015,000
Unamortized bond premium	1,542,450	1,640,217
Unamortized bond issuance costs	(999,004)	(1,044,461)
Deferred amount on refunding	(8,506,838)	(8,893,916)
Series 2007 Bonds payable net of unamortized costs	130,826,608	130,716,840
<u>\$167,800,000 Tourist Development Tax Refunding Revenue Bonds, Series 2007A:</u>		
Serial bonds, due October 1, from 2011 to 2021 with interest due semi-annually on April 1 and October 1, at 4.50% to 5.00%	153,955,000	159,125,000
Unamortized bond premium	4,906,627	5,819,642
Unamortized bond issuance costs	(917,076)	(1,034,965)
Deferred amount on refunding	(11,599,253)	(13,090,321)
Series 2007A Bonds payable net of unamortized costs	146,345,298	150,819,356

Continued

**ORANGE COUNTY CONVENTION CENTER**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**for the years ended September 30, 2012 and 2011**

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**F. REVENUE BONDS PAYABLE, Continued**

	September 30	
	2012	2011
<u>\$83,405,000 Tourist Development Tax Refunding Revenue Bonds, Series 2009:</u>		
Serial bonds, due October 1 from 2011 to 2018 with interest due semi-annually on April 1 and October 1, at 4.00% to 5.00%	\$ 76,415,000	\$ 83,405,000
Unamortized bond premium	3,660,396	4,996,967
Unamortized bond issuance costs	(312,310)	(412,009)
Deferred amount on refunding	(2,362,292)	(3,116,414)
Series 2009 bonds payable net of unamortized costs	77,400,794	84,873,544
<u>\$144,395,000 Tourist Development Tax Refunding Revenue Bonds, Series 2010:</u>		
Serial bonds, due October 1 from 2019 to 2024 with interest due semi-annually on April 1 and October 1, at 5.00%	144,395,000	144,395,000
Unamortized bond premium	16,052,042	17,596,509
Unamortized bond issuance costs	(475,075)	(505,799)
Deferred amount on refunding	(14,971,219)	(15,939,439)
Series 2010 bonds payable net of unamortized costs	145,000,748	145,546,271
Total revenue bonds payable net of unamortized costs	807,876,353	837,660,133
Less: Current portion (payable from restricted assets)	(31,490,000)	(29,985,000)
Revenue bonds payable, noncurrent portion	\$ 776,386,353	\$ 807,675,133

Continued

**ORANGE COUNTY CONVENTION CENTER  
NOTES TO FINANCIAL STATEMENTS, Continued  
for the years ended September 30, 2012 and 2011**

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**F. REVENUE BONDS PAYABLE, Continued**

The total principal and interest remaining to be paid on all outstanding series of bonds was \$1,258,661,756 and \$1,329,972,325 as of September 30, 2012 and 2011, respectively. Principal and interest paid or defeased was \$71,310,569 and \$68,512,045, and total available pledged revenue was \$144,045,975 and \$144,832,023, respectively, for the fiscal years ended September 30, 2012 and 2011.

All series of Tourist Development Tax revenues bonds outstanding are payable on a parity basis solely from all available tourist development taxes, net operating revenues of the Center, investment earnings, pledged fifth cent tax proceeds, naming rights revenues, and moneys held in certain accounts established by the Bond Indenture. The Bond Indenture specifies the order of priority in which revenues (Tourist Development Tax Revenues, Pledged Fifth Cent Tax Proceeds, Operating Revenues, and Naming Rights Revenues) are to be deposited into these accounts. The purposes of the various accounts, in order of priority of monthly revenue transfers, are as follows (priorities established with regard to junior lien debt are omitted as past junior lien debt has ascended to parity status):

Tourist Development Tax Revenues (first four cents of levy):

Operating Revenue Account - Deposit an amount sufficient to cover an emergency payment, formally determined by the Board, required because of a temporary shortage of Gross Operating Revenues and needed for the payment of Priority Expenses of Operation, Maintenance and Promotion.

Principal and Interest Accounts - Deposit an amount on or before the 15th day of each month, together with amounts from the Pledged Fifth Cent Tax Fund, sufficient to satisfy the monthly debt service requirement for the bonds.

Bond Reserve Account - Deposit an amount sufficient to assure that the total of cash on deposit plus the amount available under the surety bond is not less than the maximum annual debt service requirement of \$72,724,074.

Rebate Account - Deposit an amount required to pay the rebate requirement on account of the bonds to the U.S. Treasury as required by applicable law.

Operating Revenue Account - Deposit an amount sufficient to remedy any deficiencies and to provide a 30-day operating reserve for operation, maintenance, and promotion expenses of the Center.

Continued

**ORANGE COUNTY CONVENTION CENTER**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**for the years ended September 30, 2012 and 2011**

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**F. REVENUE BONDS PAYABLE, Continued**

Renewal and Replacement Reserve Account - All pledged revenues remaining in the Enterprise Fund shall be deposited in the Renewal and Replacement Reserve Account for the purpose of: first, to remedy any deficiency in the Principal and Interest Accounts; second, to remedy any deficiency in the Bond Reserve Account; third, to pay expenses of operation, maintenance and promotion due to an insufficiency in the Operating Revenue Account; fourth, to repay any Supplemental Revenues with interest, so supplied; and fifth, to make such other payments as are designated in the Tourist Development Plan or otherwise approved by the Board.

Pledged Fifth Cent Tax Proceeds:

All pledged fifth cent Tourist Development Tax revenues shall be paid into the Pledged Fifth Cent Tax Fund, and shall be applied as follows: first, to the Principal and Interest Accounts to provide for the monthly debt service requirement for the bonds; second, to provide any requirement for principal or interest payment on the bonds prior to making such payment from the Bond Reserve Account; third, to remedy any deficiency in the Bond Reserve Account; and fourth, for any other lawful purpose.

Operating Revenues:

All gross operating revenues will be deposited into the Operating Revenue Account and will be applied as follows: first, to payment of Priority Expenses of Operation, Maintenance and Promotion; and second, to payment of any other budgeted expenses of the Center's operation. All remaining moneys will be applied as follows: first, to payment of monthly bond interest and principal requirements, if needed; second, to any required payment into the Bond Reserve Account; and third, for any other lawful purpose.

Naming Rights Revenues:

Moneys received from the sale of the right to name all or a portion of the Center shall be paid into the Naming Rights Revenue Account, to be applied as follows: first, to pay Priority Expenses of Operation, Maintenance and Promotion, if needed; second, to satisfy the monthly principal and interest debt service requirement; third, to remedy any deficiency in the Bond Reserve Account; and fourth, any moneys remaining shall be transferred to the Board's general fund.

Continued

**ORANGE COUNTY CONVENTION CENTER  
NOTES TO FINANCIAL STATEMENTS, Continued  
for the years ended September 30, 2012 and 2011**

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**F. REVENUE BONDS PAYABLE, Continued**

Future principal and interest payments (in thousands) required on the Series 2002, Series 2002A, Series 2003A, Series 2005, Series 2006, Series 2007, Series 2007A, Series 2009, and Series 2010 Bonds are as follows as of September 30, 2012:

<u>Bond Year</u> <u>Ending October 1</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 31,490	\$ 20,286	\$ 51,776
2013	33,090	38,978	72,068
2014	35,415	37,309	72,724
2015	37,125	35,595	72,720
2016	38,925	33,790	72,715
2017-2021	219,090	138,979	358,069
2022-2026	218,770	81,365	300,135
2027-2031	177,465	36,670	214,135
2032	<u>42,310</u>	<u>2,010</u>	<u>44,320</u>
Totals	<u>\$ 833,680</u>	<u>\$ 424,982</u>	<u>\$ 1,258,662</u>

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Continued

**ORANGE COUNTY CONVENTION CENTER  
NOTES TO FINANCIAL STATEMENTS, Continued  
for the years ended September 30, 2012 and 2011**

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**F. REVENUE BONDS PAYABLE, Continued**

The amount of defeased debt still outstanding, and not reported on the balance sheets, is as follows as of September 30, 2012 and 2011:

	Original Defeased <u>Amount</u>	<u>September 30</u>	
		<u>2012</u>	<u>2011</u>
Tourist Development Tax Revenue Bonds, Series 1980	\$ 34,260,000	\$ 8,510,000	\$ 10,880,000
Tourist Development Tax Revenue Bonds, Series 1985	12,370,000	3,080,000	3,935,000
Tourist Development Tax Revenue Bonds, Series 1990	54,975,000	14,000,000	17,045,000
Tourist Development Tax Refunding Revenue Bonds, Series 1992A	71,745,000	2,725,000	3,970,000
Tourist Development Tax Revenue Bonds, Series 2002	<u>206,855,000</u>	<u>-</u>	<u>206,855,000</u>
Totals	<u>\$ 380,205,000</u>	<u>\$ 28,315,000</u>	<u>\$ 242,685,000</u>

Continued

**ORANGE COUNTY CONVENTION CENTER**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**for the years ended September 30, 2012 and 2011**

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**G. RETIREMENT SYSTEM**

Plan Description:

The Center's employees participate in the Florida Retirement System (FRS), administered by the Florida Department of Management Services. Employees elect participation in either the defined benefit plan ("Pension Plan"), a multiple-employer cost-sharing defined benefit retirement plan, or the defined contribution plan ("Investment Plan") under the FRS. As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida Legislature.

Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service, or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Substantial changes were made to the Pension Plan during fiscal year 2011 affecting new members enrolled on or after July 1, 2011 by extending the vesting requirement to eight years of credited service and increasing normal retirement to age 65 or 33 years of service regardless of age. Also, the final average compensation for these members will be based on the eight highest years of salary. A post-employment health insurance subsidy is also provided to eligible retired members through the FRS in accordance with Florida Statutes.

In addition to the above benefits, the FRS administers a Deferred Retirement Option Program (DROP). This program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

Continued

**ORANGE COUNTY CONVENTION CENTER**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**for the years ended September 30, 2012 and 2011**

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**G. RETIREMENT SYSTEM, Continued**

For those members who elect participation in the Investment Plan rather than the Pension Plan, vesting occurs at one year of service. These participants receive a contribution for self-direction in an investment product with a third party administrator selected by the State Board of Administration.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32715-9000, or from the Web site [www.dms.myflorida.com/retirement](http://www.dms.myflorida.com/retirement).

Funding Policy:

Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute 3.0% of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates. These rates are updated as of July 1 of each year. The employer contribution rates by job class at September 30, 2012 were as follows: regular--5.18%; senior management--6.30%; and DROP participants--5.44%. The employer contribution rates by job class at September 30, 2011 were as follows: regular--4.91%; senior management--6.27%, and DROP participants--4.42%.

The Center contributed to the plan an amount equal to 4.99% and 9.63% of covered payroll during the fiscal years ended September 30, 2012 and 2011, respectively. Center contributions to the FRS for the fiscal years ending September 30, 2010 through 2012 were \$1,680,487, \$1,514,444 and \$829,685, respectively, which were equal to the required contributions for each fiscal year. The Center has historically contributed amounts equal to required contributions and, therefore, does not have a pension asset or liability as determined in accordance with GASB Statement No. 27.

**H. OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN**

In addition to the pension benefits described in Note G, the Center offers an OPEB Plan that subsidizes the cost of health care for its retirees and eligible dependents. The OPEB Plan is reported in accordance with GASB Statement No's. 43 and 45. Employees of the Center with at least 10 years of combined service under the Center and/or any other Board department or any of five county officers (County Comptroller, Property Appraiser, Sheriff, Supervisor of Elections, Tax Collector) who retire and immediately begin receiving benefits from the Florida

Continued

**ORANGE COUNTY CONVENTION CENTER**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**for the years ended September 30, 2012 and 2011**

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**H. OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN, Continued**

Retirement System (FRS) are eligible to receive a monthly benefit of three dollars per year of service up to a maximum of \$90 per month. If combined service is at least 20 years and receipt of FRS benefits is deferred to a later date, the monthly benefit may be vested for commencement at such deferral date. Additionally, employees of the Center who retire and immediately begin receiving benefits from the FRS have the option of continuing in the Board's health insurance plan at the same group rate as for active employees.

The Board has established the Orange County Retiree Health Care Benefit Trust (Trust) for the Board and the five county officers noted above and engages an actuarial firm to determine each participant's actuarially determined annual OPEB Cost (AOC) and unfunded obligation. Through its ownership of the Center, the Board's total AOC payment to the Trust includes an allocated contribution from the Center. For fiscal year 2012, the Center's AOC payment was \$170,999, representing 1.03% of the Center's covered payroll amount of \$16,607,852. For fiscal year 2011, the Center's AOC payment was \$160,988 representing 1.02% of the Center's covered payroll amount of \$15,733,454. A full presentation of the Trust and OPEB Plan assets, liabilities, funding status, and actuarial methods and assumptions is included in the Orange County, Florida Comprehensive Annual Financial Report.

**I. INSURANCE COVERAGE**

The Board maintains a self-insurance program that provides for coverage of substantially all risks. Various excess catastrophe insurance policies with a commercial carrier are also in force for claims exceeding the amount chargeable against the loss fund. The Center participated in the self-insurance program during fiscal years 2012 and 2011 at an annual cost of \$2,712,372 and \$2,678,504, respectively. There has been no claim settlements in excess of insurance coverage during the three fiscal years ended September 30, 2012.

**J. TOURIST DEVELOPMENT TAX REVENUE**

Pursuant to Section 125.0104, Florida Statutes, the County's Ordinance No. 78-7 enacted on March 16, 1978, as amended, and a referendum approved by the voters of the County, the Board levied the Tourist Development Tax effective May 1, 1978. The Tourist Development Tax was initially imposed at the rate of two percent of total rent paid for lease of any living quarters located in the County for a term of six months or less. Effective June 1, 1986, the Board increased the rate of the Tourist Development Tax to three percent, and effective October 1, 1989, the Board increased the rate to four percent. The tax was initially collected by the Florida Department of Revenue, but is currently collected and administered by the Orange County Comptroller in accordance with an ordinance adopted by the Board in October 1991. Pursuant to the original ordinance and bond covenants, the tax proceeds are applied as described in Note F.

Continued

**ORANGE COUNTY CONVENTION CENTER**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**for the years ended September 30, 2012 and 2011**

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**J. TOURIST DEVELOPMENT TAX REVENUE, Continued**

On December 13, 1994, the Board authorized the levy of an additional one percent of Tourist Development Tax effective February 1, 1995. Per Section 125.0104(3), Florida Statutes, the fifth cent was, at the time of levy by the Board, restricted for the purposes of the construction, reconstruction, or renovation of a professional sports franchise facility. The permitted purposes have since been broadened in the statute, and during the 2000 fiscal year, the Board adopted the Second Amended and Restated Indenture of Trust that, among other things, included the fifth cent tax revenues in the pledged revenues securing all Tourist Development Tax Revenue Bonds.

On July 18, 2006, the Board approved the levy of an additional one percent of Tourist Development Tax effective September 1, 2006, bringing the total levy to six percent. Section 125.0104(3), Florida Statutes, authorizes the levy of the additional one percent tax, the sixth cent, to fund certain purposes including debt service on bonds issued to finance the construction of, or reconstruction or renovation of, facilities for certain professional sports franchises, and the promotion of tourism. The sixth cent tax revenues are not pledged to the payment of any of the outstanding Tourist Development Tax revenue bonds. The Board fully dedicated the use of the sixth cent tax revenues for purposes of tourism promotion and a community events facility further described in Note L.

**K. HOTEL SURCHARGE REVENUE**

Pursuant to an agreement dated June 12, 1979, between the Board and Orlando Central Park, Inc., three hotel sites adjacent to the Center carry the requirement that any hotel built upon those sites is obligated to pay to the Center a revenue surcharge. The surcharge amount, a nonoperating revenue restricted in its use to the Convention Center site, is set at one percent of the hotel's gross rental revenues and is payable quarterly. All three of the designated sites were developed as hotels, and they remitted the surcharge to the Center on a quarterly basis through the end of the agreement on December 27, 2009. As of September 30, 2012 and 2011, the balance of unspent hotel surcharge revenue was \$16,204,099 and \$16,037,853, respectively.

**L. PAYMENTS TO OTHER AGENCIES**

The Board has committed to contribute \$750,000 per year plus one-half of one cent of the Tourist Development Tax levy, plus an additional \$7.3 million per year to the Orlando/Orange County Convention and Visitors Bureau, Inc., doing business as Visit Orlando (Visit Orlando), a not-for-profit corporation that is dedicated to promotion of local community tourist activities and facilities. Also, the Board has committed to pay Visit Orlando a portion of the sixth cent Tourist Development Tax from inception of its levy.

For the 2012 and 2011 fiscal years, the total contributions to Visit Orlando were \$34,438,896 and \$34,530,804, respectively. In addition, the Board contributed \$311,435 and \$274,000 in fiscal years 2012 and 2011, respectively, to other agencies for purposes of promoting tourism in Orange County in connection with various events.

Continued

**ORANGE COUNTY CONVENTION CENTER  
NOTES TO FINANCIAL STATEMENTS, Continued  
for the years ended September 30, 2012 and 2011**

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**L. PAYMENTS TO OTHER AGENCIES, Continued**

On August 6, 2007, an Interlocal Agreement between the Board, the City of Orlando (City), and the City of Orlando Community Redevelopment Agency received final approval. The primary purpose of the Agreement is to provide certain Tourist Development Tax proceeds to the City for a portion of the funding needed for renovation of the Florida Citrus Bowl Stadium and construction of a new Performing Arts Center and new Events Center. Total cost for all projects is anticipated to be \$909 million. Based on specified criteria, a calculated portion of the first four cents levy of Tourist Development Taxes will be paid once each fiscal year to the City for the Citrus Bowl and Performing Arts Center projects from prior year actual tax proceeds, and a portion of sixth cent tax revenues will be paid on a monthly basis to the City for the Events Center project, designated to replace the Amway Arena. These payments are scheduled to be made for the earlier of 30 years or until the associated debt issued by the City is defeased or redeemed in full. For fiscal years 2012 and 2011, the monthly sixth cent tax revenue payments to the City totaled \$17,436,436 and \$17,482,329, respectively, and the annual payments totaled \$4,797,559 and \$8,028,069, respectively. The fiscal year 2012 annual payment is due to the City in January 2013 and is reflected as a current liability in the financial statements.

On July 16, 2012, the Second Amendment to the Agreement was approved requiring the County to set aside \$12,500,000 in a reserve account to replenish draws made from City reserves, as necessary, to support the renovations to the Citrus Bowl.

In 2002, the County created the Arts & Cultural Tourism Fund, a special revenue fund for the purpose of supporting tourism-related arts and cultural events and facilities. The specified revenue for this fund was transferred annually from a three percent portion of the first four cents of the Tourist Development Tax receipts. Beginning in fiscal year 2011, the County combined the Arts and Cultural Tourism Fund with the Convention Center Fund. For the 2012 and 2011 fiscal years, the total contributions to arts and cultural agencies were \$2,619,395 and \$3,007,068, respectively.

**M. COMMITMENTS AND CONTINGENCIES**

Outstanding commitments under operating and construction contracts for the Center total approximately \$10.1 million and \$3.3 million at September 30, 2012 and 2011, respectively.

The Center is a party in various lawsuits and other claims incidental to the ordinary course of its operation, some of which are covered by the Board's self-insurance program. While the results of litigation cannot be predicted with certainty, management believes the final outcome of such litigation will not have a material adverse effect on the Center's financial position.

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**ORANGE COUNTY CONVENTION CENTER  
NOTES TO FINANCIAL STATEMENTS, Continued  
for the years ended September 30, 2012 and 2011**

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**N. TRANSFERS OUT**

Beginning in fiscal year 2006, the Board authorized annual transfers to the General Fund for reimbursing the operation and maintenance expenses of the Orange County Regional History Center, up to an annual maximum funding amount initially set at \$2,500,000, and subject to annual approval by the Board. Transfers of \$2,308,379 and \$2,236,568, respectively, were made in fiscal years 2012 and 2011 for this purpose.

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**SUPPLEMENTARY INFORMATION**

**ORANGE COUNTY CONVENTION CENTER**  
**SCHEDULE OF BUDGETED REVENUES AND EXPENSES COMPARED TO ACTUAL**  
**(NON-GAAP BUDGETARY BASIS\*)**  
**for the year ended September 30, 2012**

	<u>Budget</u>	<u>Actual</u>
Operating revenues:		
Event services	\$ 25,633,657	\$ 30,157,330
Rentals	15,521,629	15,078,613
Vendor commissions	2,305,016	3,414,423
Forfeited deposits	-	329,551
Miscellaneous	910,828	930,602
	<u>44,371,130</u>	<u>49,910,519</u>
<b>Total operating revenues</b>	<b>44,371,130</b>	<b>49,910,519</b>
Operating and maintenance expenses:		
Personal services	26,249,819	26,060,185
Contractual services	7,943,599	7,613,392
Materials and supplies	2,274,580	2,257,277
Utilities	11,860,065	11,049,920
Repairs and maintenance	6,969,772	6,093,695
Other expenses	6,947,593	5,864,216
	<u>62,245,428</u>	<u>58,938,685</u>
<b>Total operating and maintenance expenses</b>	<b>62,245,428</b>	<b>58,938,685</b>
Operating loss, budgetary basis*	<u>(17,874,298)</u>	<u>(9,028,166)</u>
Nonoperating revenues (expenses):		
Tourist development tax	166,854,576	175,302,639
Tax collection expense	(1,570,267)	(841,414)
Payments to other agencies	(60,470,236)	(59,603,721)
Interest revenue	1,608,319	1,055,265
Interest expense and fiscal charges	(40,734,942)	(40,287,207)
	<u>65,687,450</u>	<u>75,625,562</u>
<b>Total net nonoperating revenues (expenses)</b>	<b>65,687,450</b>	<b>75,625,562</b>
Income before transfers out, budgetary basis*	47,813,152	66,597,396
Transfers out	<u>(2,469,233)</u>	<u>(2,308,379)</u>
Change in net assets, budgetary basis*	<u>\$ 45,343,919</u>	<u>\$ 64,289,017</u>

\*Budgetary basis, for purposes of this schedule, includes all budgeted items except for capital outlay, debt principal transactions, beginning net assets, and expenditure reserves.

**ORANGE COUNTY CONVENTION CENTER  
SCHEDULE OF BONDED DEBT AND INTEREST  
September 30, 2012**

BOND YEAR ENDING OCTOBER 1	TOURIST DEVELOPMENT TAX REVENUE BONDS SERIES 2002		TOURIST DEVELOPMENT TAX REFUNDING REVENUE BONDS SERIES 2002A		TOURIST DEVELOPMENT TAX REFUNDING REVENUE BONDS SERIES 2003A		TOURIST DEVELOPMENT TAX REFUNDING REVENUE BONDS SERIES 2005	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2012	\$ 1,260,000	\$ 28,350 (a)	\$ 6,165,000	\$ 348,425 (a)	\$ 130,000	\$ 331,945 (a)	\$ 10,850,000	\$ 5,346,093 (a)
2013	-	-	6,505,000	357,775	135,000	659,340	11,390,000	10,149,688
2014	-	-	-	-	140,000	654,480	8,570,000	9,580,188
2015	-	-	-	-	2,960,000	649,300	8,600,000	9,151,687
2016	-	-	-	-	3,070,000	534,600	11,730,000	8,721,688
2017	-	-	-	-	3,195,000	411,800	7,855,000	8,135,187
2018	-	-	-	-	3,320,000	284,000	8,245,000	7,742,438
2019	-	-	-	-	3,460,000	147,050	8,655,000	7,330,187
2020	-	-	-	-	-	-	9,085,000	6,897,438
2021	-	-	-	-	-	-	9,545,000	6,443,188
2022	-	-	-	-	-	-	9,230,000	5,965,937
2023	-	-	-	-	-	-	9,695,000	5,504,438
2024	-	-	-	-	-	-	10,110,000	5,092,400
2025	-	-	-	-	-	-	11,455,000	4,586,900
2026	-	-	-	-	-	-	12,025,000	4,014,150
2027	-	-	-	-	-	-	12,630,000	3,412,900
2028	-	-	-	-	-	-	13,265,000	2,781,400
2029	-	-	-	-	-	-	13,925,000	2,118,150
2030	-	-	-	-	-	-	14,620,000	1,421,900
2031	-	-	-	-	-	-	15,280,000	764,000
2032	-	-	-	-	-	-	-	-
Totals	<u>\$ 1,260,000</u>	<u>\$ 28,350</u>	<u>\$ 12,670,000</u>	<u>\$ 706,200</u>	<u>\$ 16,410,000</u>	<u>\$ 3,672,515</u>	<u>\$ 216,760,000</u>	<u>\$ 115,159,957</u>

(a) Represents semi-annual requirement only.

Continued

**ORANGE COUNTY CONVENTION CENTER  
SCHEDULE OF BONDED DEBT AND INTEREST, Continued  
September 30, 2012**

BOND YEAR ENDING OCTOBER 1	TOURIST DEVELOPMENT TAX REFUNDING REVENUE BONDS SERIES 2006		TOURIST DEVELOPMENT TAX REFUNDING REVENUE BONDS SERIES 2007		TOURIST DEVELOPMENT TAX REFUNDING REVENUE BONDS SERIES 2007A		TOURIST DEVELOPMENT TAX REFUNDING REVENUE BONDS SERIES 2009	
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2012	\$ 90,000	\$ 1,754,519 (a)	\$ 230,000	\$ 3,157,372 (a)	\$ 5,430,000	\$ 3,829,975 (a)	\$ 7,335,000	\$ 1,879,125 (a)
2013	95,000	3,505,662	1,555,000	6,305,544	5,705,000	7,388,450	7,705,000	3,391,500
2014	100,000	3,501,863	1,620,000	6,243,343	7,560,000	7,103,200	17,425,000	3,006,250
2015	105,000	3,497,862	1,685,000	6,178,544	8,290,000	6,763,000	15,485,000	2,135,000
2016	105,000	3,493,663	1,750,000	6,111,143	6,010,000	6,348,500	16,260,000	1,360,750
2017	110,000	3,489,331	1,825,000	6,041,144	21,890,000	6,048,000	5,955,000	547,750
2018	115,000	3,484,656	1,900,000	5,968,143	22,990,000	4,953,500	6,250,000	250,000
2019	120,000	3,479,769	1,980,000	5,892,144	24,130,000	3,804,000	-	-
2020	125,000	3,474,669	2,060,000	5,812,943	25,345,000	2,597,500	-	-
2021	130,000	3,469,200	2,140,000	5,730,543	26,605,000	1,330,250	-	-
2022	135,000	3,463,513	2,235,000	5,642,269	-	-	-	-
2023	2,290,000 (b)	3,457,437	180,000	5,550,075	-	-	-	-
2024	2,395,000 (b)	3,354,388	190,000	5,542,425	-	-	-	-
2025	125,000 (c)	3,246,612	17,710,000	5,534,350	-	-	-	-
2026	130,000 (c)	3,240,831	18,530,000	4,737,400	-	-	-	-
2027	135,000 (c)	3,234,819	19,380,000	3,903,550	-	-	-	-
2028	140,000 (c)	3,228,575	20,275,000	3,031,450	-	-	-	-
2029	145,000 (c)	3,222,100	21,255,000	2,068,388	-	-	-	-
2030	155,000 (c)	3,215,394	22,290,000	1,058,775	-	-	-	-
2031	23,970,000	3,208,225	-	-	-	-	-	-
2032	42,310,000	2,009,725	-	-	-	-	-	-
Totals	<u>\$ 73,025,000</u>	<u>\$ 68,032,813</u>	<u>\$ 138,790,000</u>	<u>\$ 94,509,545</u>	<u>\$ 153,955,000</u>	<u>\$ 50,166,375</u>	<u>\$ 76,415,000</u>	<u>\$ 12,570,375</u>

- (a) Represents semi-annual requirement only.  
(b) Mandatory Redemption for \$4,685,000 Term Bond due October 1, 2024.  
(c) Mandatory Redemption for \$830,000 Term Bond due October 1, 2030.

Continued

**ORANGE COUNTY CONVENTION CENTER  
SCHEDULE OF BONDED DEBT AND INTEREST, Continued  
September 30, 2012**

BOND YEAR ENDING OCTOBER 1	TOURIST DEVELOPMENT TAX REFUNDING REVENUE BONDS SERIES 2010		ALL TOURIST DEVELOPMENT TAX REVENUE BONDS		TOTAL DEBT SERVICE
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	
2012	\$ -	\$ 3,609,875 (a)	\$ 31,490,000	\$ 20,285,679 (a)	\$ 51,775,679
2013	-	7,219,750	33,090,000	38,977,709	72,067,709
2014	-	7,219,750	35,415,000	37,309,074	72,724,074 (d)
2015	-	7,219,750	37,125,000	35,595,143	72,720,143
2016	-	7,219,750	38,925,000	33,790,094	72,715,094
2017	-	7,219,750	40,830,000	31,892,962	72,722,962
2018	-	7,219,750	42,820,000	29,902,487	72,722,487
2019	4,580,000	7,219,750	42,925,000	27,872,900	70,797,900
2020	8,525,000	6,990,750	45,140,000	25,773,300	70,913,300
2021	8,955,000	6,564,500	47,375,000	23,537,681	70,912,681
2022	38,805,000	6,116,750	50,405,000	21,188,469	71,593,469
2023	40,750,000	4,176,500	52,915,000 (e)	18,688,450	71,603,450
2024	42,780,000	2,139,000	55,475,000 (e)	16,128,213	71,603,213
2025	-	-	29,290,000 (e)	13,367,862	42,657,862
2026	-	-	30,685,000 (e)	11,992,381	42,677,381
2027	-	-	32,145,000 (e)	10,551,269	42,696,269
2028	-	-	33,680,000 (e)	9,041,425	42,721,425
2029	-	-	35,325,000 (e)	7,408,638	42,733,638
2030	-	-	37,065,000 (e)	5,696,069	42,761,069
2031	-	-	39,250,000	3,972,225	43,222,225
2032	-	-	42,310,000	2,009,725	44,319,725
Totals	<u>\$ 144,395,000</u>	<u>\$ 80,135,625</u>	<u>\$ 833,680,000</u>	<u>\$ 424,981,755</u>	<u>\$ 1,258,661,755</u>

(a) Represents semi-annual requirement only.

(d) Maximum annual debt service.

(e) Principal reflects mandatory redemption requirements for Series 2006 term bonds

**ORANGE COUNTY CONVENTION CENTER  
GENERAL DEBT COVENANTS  
for the year ended September 30, 2012  
(Unaudited)**

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The following disclosures are required by the general covenants made in connection with the issuance of the bonds:

1. For the year ended September 30, 2012, the Orange County Comptroller collected \$121,778,688 of pledged Tourist Development Tax proceeds (first four percent of levy), all of which was deposited into the Tourist Development Trust Fund. In addition, \$30,444,673 of Fifth Cent Tax proceeds was collected and deposited into the Pledged Fifth Cent Tax Fund. Total collections of pledged tax proceeds were \$152,223,361. Tourist Development Trust Funds are accounted for within the Center's financial statements.
2. Transfers of pledged tax proceeds from the Tourist Development Trust Fund and the Pledged Fifth Cent Tax Fund were made as follows:

<u>Date Received</u>	<u>Amount Received</u>	<u>Interest Account</u>	<u>Principal Account</u>	<u>Operating Revenue Account</u>
October 3, 2011	\$ 9,591,127	\$ 3,380,947	\$ 2,624,166	\$ 3,586,014
November 2, 2011	16,161,001	3,380,947	2,624,167	10,155,887
December 2, 2011	11,380,672	3,380,947	2,624,167	5,375,558
January 3, 2012	11,634,139	3,380,947	2,624,167	5,629,025
February 2, 2012	11,889,948	3,380,947	2,624,166	5,884,835
March 2, 2012	11,211,420	3,380,021	2,624,167	5,207,232
April 2, 2012	13,135,082	3,380,946	2,624,167	7,129,969
May 2, 2012	16,346,477	3,380,946	2,624,167	10,341,364
June 4, 2012	14,066,803	3,380,946	2,624,166	8,061,691
July 2, 2012	11,412,229	3,380,946	2,624,167	5,407,116
August 2, 2012	13,349,169	3,380,946	2,624,167	7,344,056
September 4, 2012	12,045,294	3,379,377	2,624,166	6,041,751
	<u>\$ 152,223,361</u>	<u>\$ 40,568,863</u>	<u>\$ 31,490,000</u>	<u>\$ 80,164,498</u>

Continued

**ORANGE COUNTY CONVENTION CENTER  
GENERAL DEBT COVENANTS, Continued  
for the year ended September 30, 2012  
(Unaudited)**

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3. Cash and Cash Equivalents and Investments Detail - Bond Indenture Accounts:

At September 30, 2012, the balances of the accounts created by the Bond Indenture, stated at fair value, were as follows:

<u>Account</u>	<u>Cash and Cash Equivalents</u>	<u>Investments</u>	<u>Accrued Interest</u>	<u>Total</u>
Tourist Development Trust	\$ 8,003,264	\$ -	\$ -	\$ 8,003,264
Pledged Fifth Cent Tax	2,000,816	-	-	2,000,816
Operating revenue	5,789,147	-	265,537	6,054,684
Bond interest	20,286,047	-	-	20,286,047
Bond principal	31,490,000	-	-	31,490,000
Bond reserve	523,259	72,625,311	-	73,148,570
Renewal and replacement reserve	98,189,859	-	-	98,189,859
Totals	<u>\$ 166,282,392</u>	<u>\$ 72,625,311</u>	<u>\$ 265,537</u>	<u>\$ 239,173,240</u>

At September 30, 2011, the balances of the accounts created by the Bond Indenture, stated at fair value, were as follows:

<u>Account</u>	<u>Cash and Cash Equivalents</u>	<u>Investments</u>	<u>Accrued Interest</u>	<u>Total</u>
Tourist Development Trust	\$ 7,676,321	\$ -	\$ -	\$ 7,676,321
Pledged Fifth Cent Tax	1,919,080	-	-	1,919,080
Operating revenue	5,410,459	-	230,430	5,640,889
Bond interest	21,040,288	-	-	21,040,288
Bond principal	29,985,000	-	-	29,985,000
Bond reserve	396,263	72,655,710	-	73,051,973
Renewal and replacement reserve	71,813,520	-	-	71,813,520
Totals	<u>\$ 138,240,931</u>	<u>\$ 72,655,710</u>	<u>\$ 230,430</u>	<u>\$ 211,127,071</u>

During the 2012 and 2011 fiscal years, no funds were received which were required to be deposited to the Gifts, Grants and Other Income accounts. No restricted or unrestricted funds remained in this account as of September 30, 2012 or September 30, 2011.

Continued

**ORANGE COUNTY CONVENTION CENTER  
GENERAL DEBT COVENANTS, Continued  
for the year ended September 30, 2012  
(Unaudited)**

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4. Budget for Bond Indenture Accounts – 2012/2013 Fiscal Year:

Revenues:	
Operating revenues	\$ 43,950,889
Tourist development tax revenues	143,216,844
Investment earnings-operating and debt service	<u>680,500</u>
Subtotal	187,848,233
Less statutory deduction	<u>(9,382,412)</u>
Total revenues	<u>178,465,821</u>
Expenses and other disbursements:	
Operation and maintenance	62,998,522
Bond interest and fees	39,134,942
Bond principal	<u>33,090,000</u>
Total expenses and other disbursements	<u>135,223,464</u>
Excess of budgeted funds available for deposit to renewal and replacement reserve account	<u>\$ 43,242,357</u>
Budgeted payments to other agencies and transfers to other funds from renewal and replacement reserve balance	<u>\$ 29,520,396</u>

Note: The budget schedule itemized above excludes the revenues and expenditures associated with the levy of the sixth cent Tourist Development Tax. The sixth cent is not a part of the Bond Indenture and is not pledged to the repayment of the outstanding Tourist Development Tax Bonds.

Continued

**ORANGE COUNTY CONVENTION CENTER  
GENERAL DEBT COVENANTS, Continued  
for the year ended September 30, 2012  
(Unaudited)**

5. Schedule of Insurance in Force:

<u>Policy</u>	<u>Term/ Carrier</u>	<u>Coverage</u>	<u>Self-Insured Retention/ Deductible</u>	<u>Limits</u>
Property	4/1/12-4/1/13 various	Flood, earthquake	\$ 500,000	\$ 50,000,000
		Named windstorm	2% of structure value	\$ 100,000,000
		All other wind/hail	\$ 500,000	\$ 500,000,000
		All other risks - including terrorism	\$ 500,000	\$ 1,000,000,000
Excess Liability	4/1/12-4/1/13 Lloyd's of London	General liability, employers' and employee benefits liability, auto liability, and errors and omissions	\$ 1,000,000	\$ 10,000,000
		Employment practices	\$ 1,000,000	\$ 5,000,000
Workers' Compensation	4/1/12-4/1/13 Safety National	Florida Workers' Compensation Act	\$ 2,000,000	Statutory
		Employers' Liability		\$ 2,000,000
Crime	4/1/12-4/1/13 Great American	Public dishonesty	\$ 50,000	\$ 2,000,000
		Forgery or alteration	\$ 5,000	\$ 100,000
		Theft, disappearance, or destruction	\$ 50,000	\$ 5,000,000
		Computer fraud, wire funds transfer	\$ 50,000	\$ 1,000,000
Boiler and Machinery	4/1/12-4/1/13 Travelers	Machinery breakdown	\$ 50,000	\$ 100,000,000
Vehicle and Mobile Equipment Floater	4/1/12-4/1/13 Allianz Global	Commercial Inland	\$ 250,000	\$ 5,000,000
Environmental and Storage Tank Liability	4/1/12-4/1/15 Illinois Union Insurance Co. (ACE)	Third party liability and on-site cleanup	\$ 250,000	\$ 10,000,000(a) \$ 12,000,000(b)
Cyber Liability	9/1/12-4/1/13 Chartis Specialty Insurance Co.	Security and privacy liability, media content, liability, cyber extortion	\$ 500,000	\$ 5,000,000
		Event (Breach) Management	\$ 500,000	\$ 3,500,000
		Regulatory Action	\$ 500,000	\$ 1,000,000

(a) Per occurrence (b) In aggregate

Note: This schedule is provided to present summarized data for informational purposes regarding the Center's insurance