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# ORANGE COUNTY CONVENTION CENTER

## ORANGE COUNTY, FLORIDA

## ANNUAL FINANCIAL REPORT

**for the years ended September 30, 2022 and 2021**

County Department Audited Financial Statements via BCC email
Received by: Clerk of BCC 2023-03-20 gh
Received from Rachel Uren, Finance and Accounting

**ORANGE COUNTY CONVENTION CENTER**

**ANNUAL FINANCIAL REPORT**

**for the years ended September 30, 2022 and 2021**

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Cherry Bekaert LLP
Your Guide Forward

## Report of Independent Auditor

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

### Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying basic financial statements of the Orange County Convention Center of Orange County, Florida (the "Center"), an enterprise fund of Orange County, Florida, as of and for the years ended September 30, 2022 and 2021, and the related notes to the financial statements, as listed in the table of contents.

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, 2022 and 2021, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

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. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Orange County, Florida, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Emphasis of Matter*

As discussed in Note A to the financial statements, the financial statements 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, 2022 and 2021, and the changes in its financial position and its cash flows, where applicable, for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Center's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter

### *Auditor's Responsibility for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Orange County's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### *Supplementary Information*

Our audits were 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.

***Other Information***

Management is responsible for the other information included in the financial report. The other information comprises the General Debt Covenants section but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

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 solely 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 effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Orlando, Florida
March 6, 2023

**ORANGE COUNTY CONVENTION CENTER**
**STATEMENTS OF NET POSITION**
**September 30, 2022 and 2021**

| | 2022 | 2021 |
|---|---|---|
| **ASSETS AND DEFERRED OUTFLOWS OF RESOURCES** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 222,869,188 | $ 141,178,141 |
| Accrued interest receivable | 325,216 | 372,872 |
| Taxes receivable | 24,712,116 | 16,578,279 |
| Accounts receivable | 5,121,505 | 1,464,895 |
| Less allowance for doubtful accounts | (17,930) | - |
| Cash and cash equivalents, restricted | 68,319,257 | 62,022,088 |
| Accrued interest receivable, restricted | - | 433 |
| Total current assets | 321,329,352 | 221,616,708 |
| Noncurrent assets: | | |
| Cash and cash equivalents, restricted | 4,907,798 | 3,419,922 |
| Investments, restricted | 78,914,178 | 80,482,059 |
| Nondepreciable capital assets | 152,680,955 | 144,444,424 |
| Depreciable capital assets, net | 591,090,263 | 660,125,074 |
| Total noncurrent assets | 827,593,194 | 888,471,479 |
| Total assets | 1,148,922,546 | 1,110,088,187 |
| Deferred outflows of resources: | | |
| Deferred amount on debt refundings | 12,536,274 | 15,580,541 |
| Related to pensions and OPEB | 6,070,139 | 5,345,175 |
| Total deferred outflows of resources | 18,606,413 | 20,925,716 |
| Total assets and deferred outflows of resources | $ 1,167,528,959 | $ 1,131,013,903 |
| **LIABILITIES AND DEFERRED INFLOWS OF RESOURCES** | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | $ 28,504,095 | $ 22,473,744 |
| Due to other governmental agencies | 3,956,072 | 2,711,887 |
| Unearned revenue | 10,448,844 | 10,159,206 |
| Net pension liability | - | 35,378 |
| Payable from restricted assets: | | |
| Accrued interest payable | 15,720,344 | 16,784,719 |
| Revenue bonds payable | 48,545,000 | 42,575,000 |
| Total current liabilities | 107,174,355 | 94,739,934 |
| Noncurrent liabilities: | | |
| Compensated absences payable | 751,861 | 1,017,496 |
| Revenue bonds payable (net of unamortized costs) | 668,058,138 | 723,505,684 |
| Net pension and OPEB liability | 23,248,583 | 9,057,635 |
| Total noncurrent liabilities | 692,058,582 | 733,580,815 |
| Total liabilities | 799,232,937 | 828,320,749 |
| Deferred inflows of resources: | | |
| Related to pensions and OPEB | 2,386,143 | 12,287,162 |
| Total liabilities and deferred inflows of resources | 801,619,080 | 840,607,911 |
| **NET POSITION** | | |
| Net investment in capital assets | 332,170,942 | 345,111,895 |
| Restricted for: | | |
| Debt service | 133,265,051 | 126,004,353 |
| Contractual obligations | 3,155,838 | 3,135,430 |
| Unrestricted (deficit) | (102,681,952) | (183,845,686) |
| Total net position | 365,909,879 | 290,405,992 |
| Total liabilities, deferred inflows of resources and net position | $ 1,167,528,959 | $ 1,131,013,903 |

See accompanying notes to financial statements.

**ORANGE COUNTY CONVENTION CENTER**
**STATEMENTS OF REVENUES, EXPENSES**
**AND CHANGES IN NET POSITION**
**for the years ended September 30, 2022 and 2021**

| | 2022 | 2021 |
|---|---|---|
| Operating revenues: | | |
| Event services | $ 35,987,126 | $ 5,506,715 |
| Rentals | 19,761,844 | 8,197,010 |
| Vendor commissions | 6,514,138 | 1,229,034 |
| Forfeited deposits | 2,942,918 | 2,211,116 |
| Miscellaneous | 1,110,859 | 944,483 |
| Total operating revenues | 66,316,885 | 18,088,358 |
| Operating and maintenance expenses: | | |
| Personal services | 34,895,822 | 25,660,945 |
| Contractual services | 13,261,534 | 4,552,794 |
| Materials and supplies | 967,977 | 344,666 |
| Utilities | 15,556,291 | 12,602,423 |
| Repairs and maintenance | 6,946,454 | 5,963,110 |
| Other expenses | 6,876,311 | 5,000,414 |
| Pension and OPEB liability adjustment | 3,529,587 | (3,907,186) |
| Total operating and maintenance expenses | 82,033,976 | 50,217,166 |
| Operating loss before depreciation and amortization | (15,717,091) | (32,128,808) |
| Depreciation and amortization | 70,256,598 | 75,083,391 |
| Operating loss | (85,973,689) | (107,212,199) |
| Nonoperating revenues (expenses): | | |
| Tourist development tax | 336,319,237 | 176,872,123 |
| Tax collection expense | (722,997) | (708,202) |
| Payments to other agencies | (140,655,615) | (92,682,773) |
| Investment loss | (2,791,357) | (1,251,973) |
| Interest expense and fiscal charges | (27,594,485) | (28,667,989) |
| Gain (loss) on disposal of assets | 22,793 | (9,998,580) |
| Total net nonoperating revenues (expenses) | 164,577,576 | 43,562,606 |
| Income (loss) before transfers | 78,603,887 | (63,649,593) |
| Transfers out | (3,100,000) | (3,100,000) |
| Change in net position | 75,503,887 | (66,749,593) |
| Total net position, October 1 | 290,405,992 | 357,155,585 |
| Total net position, September 30 | $ 365,909,879 | $ 290,405,992 |

See accompanying notes to financial statements.

**ORANGE COUNTY CONVENTION CENTER**
**STATEMENTS OF CASH FLOWS**
**for the years ended September 30, 2022 and 2021**

| | 2022 | 2021 |
|---|---|---|
| Cash flows from operating activities: | | |
| Cash received from customers | $ 61,623,173 | $ 21,934,899 |
| Cash payments to suppliers for goods and services | (38,035,433) | (27,270,661) |
| Cash payments to employees for services | (34,804,999) | (25,539,343) |
| Other operating receipts | 1,110,859 | 944,483 |
| Net cash used by operating activities | (10,106,400) | (29,930,622) |
| Cash flows from noncapital financing activities: | | |
| Tourist development tax received | 328,185,400 | 167,471,154 |
| Payments to other agencies | (136,838,878) | (88,371,369) |
| Transfers out | (3,100,000) | (3,100,000) |
| Tax collection fees paid | (722,997) | (708,202) |
| Federal and state grants | - | (2,793) |
| Net cash provided by noncapital financing activities | 187,523,525 | 75,288,790 |
| Cash flows from capital and related financing activities: | | |
| Acquisition and construction of capital assets | (11,689,186) | (27,031,239) |
| Principal paid on revenue bonds | (42,575,000) | (40,545,000) |
| Interest and fees paid on revenue bonds | (32,492,989) | (34,571,068) |
| Proceeds from disposition of assets | 31,049 | 45,376 |
| Net cash used by capital and related financing activities | (86,726,126) | (102,101,931) |
| Cash flows from investing activities: | | |
| Purchase of investments | (79,056,272) | (80,548,975) |
| Proceeds from sale and maturity of investments | 80,548,975 | 79,809,855 |
| Investment loss | (2,707,610) | (2,625,982) |
| Net cash used by investing activities | (1,214,907) | (3,365,102) |
| Net increase (decrease) in cash and cash equivalents | 89,476,092 | (60,108,865) |
| Cash and cash equivalents, October 1 | 206,620,151 | 266,729,016 |
| Cash and cash equivalents, September 30 | $ 296,096,243 | $ 206,620,151 |
| Classified as: | | |
| Current assets | $ 222,869,188 | $ 141,178,141 |
| Current assets, restricted | 68,319,257 | 62,022,088 |
| Noncurrent assets, restricted | 4,907,798 | 3,419,922 |
| Total | $ 296,096,243 | $ 206,620,151 |

See accompanying notes to financial statements.

Continued

**ORANGE COUNTY CONVENTION CENTER**
**STATEMENTS OF CASH FLOWS, Continued**
**for the years ended September 30, 2022 and 2021**

| | 2022 | 2021 |
|---|---|---|
| Reconciliation of operating loss to net cash used by operating activities: | | |
| Operating loss | $ (85,973,689) | $ (107,212,199) |
| Adjustments to reconcile operating loss to net cash used by operating activities: | | |
| Depreciation and amortization | 70,256,598 | 75,083,391 |
| Pension and OPEB adjustment | 3,529,587 | (3,907,186) |
| Allowance for doubtful accounts | 17,930 | (21,397) |
| Increase in assets: | | |
| Accounts receivable | (3,656,610) | (452,246) |
| Increase in liabilities: | | |
| Accounts payable and accrued liabilities | 5,430,146 | 1,589,338 |
| Unearned revenue | 289,638 | 4,989,677 |
| Total adjustments | 75,867,289 | 77,281,577 |
| Net cash used by operating activities | $ (10,106,400) | $ (29,930,622) |
| Noncash investing, capital, and financing activities: | | |
| Capital assets acquired through payables | $ 3,512,248 | $ 5,747,007 |

See accompanying notes to financial statements

## 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.

Use of Estimates:

The preparation of financial statements requires management to make use of estimates that affect reported amounts. Actual results could differ from estimates.

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 pension and other postemployment benefits

Continued

## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

(OPEB) liability (asset) adjustments, depreciation, amortization and gains/losses on disposal of assets, are not budgeted, and capital outlays are budgeted as expense, and debt proceeds and principal payments are respectively budgeted as revenue and expense. Beginning net position and expense 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.

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 fiscal year 2022 or 2021 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 investment 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 based on quoted market prices, except for time deposits, Florida PRIME, a qualifying investment pool as provided by Governmental Accounting Standards Board (GASB) Statement No. 79, and money market mutual funds, which are based on amortized cost.

Accounts Receivable and Revenue Recognition:

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

Continued

## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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 statement of net position. 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 position is 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.

Capital Assets:

Capital assets are stated at cost when purchased or constructed, or at acquisition 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 | 5-50 years |
| Improvements other than buildings | 5-75 years |
| Machinery and equipment | 3-15 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. Final amortization occurred during Fiscal Year 2021. The Center is currently negotiating a new Chilled Water Service Agreement, which includes the restoration of existing chilled water facilities or design and construction of a new chilled water plant. Rates will remain reduced until a new agreement is approved or September 2025, whichever comes first.

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, which is amortized over the 30-year anticipated life of the Project.

Continued

## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Deferred Outflows and Inflows of Resources:

The Center presents amounts charged on the refunding of debt as a deferred outflow and amortizes these amounts over the life of the debt. The Center presents amounts related to pensions and OPEB as deferred outflows of resources and deferred inflows of resources.

Accounts Payable and Accrued Liabilities:

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

| | 2022 | 2021 |
|---|---|---|
| Due to vendors and other agencies | $ 24,854,249 | $ 19,177,133 |
| Salaries and benefits payable | 3,649,846 | 3,296,611 |
| | $ 28,504,095 | $ 22,473,744 |

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, 2022 and 2021, the Center had no outstanding arbitrage liability.

Continued

## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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. The liability for compensated absences was $3,020,361 and $3,103,956 at September 30, 2022 and 2021, respectively. Of these amounts, $2,268,500 and $2,086,460, respectively, is expected to be paid out within one year and thus is included in current accrued liabilities; the remainder is reported as noncurrent. The current portion is based on the average annual amount of leave paid over the preceding three years.

Net Position:

During Fiscal Year 2017, the Board issued $291,685,000 of debt to finance capital assets belonging to the City of Orlando (City). The Center reports this debt and associated unamortized costs related to the financing of $4,293,836 and $5,104,547 for Fiscal Year 2022 and 2021, respectively, while the City reports the related capital assets and unspent bond proceeds. The amount of unrestricted net position (deficit) associated with this debt is ($295,978,836) at September 30, 2022, and ($296,789,547) at September 30, 2021. The remaining positive balance of unrestricted net position is $193,296,884 at September 30, 2022, and $112,943,861 at September 30, 2021.

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, forfeited deposits related to facility rentals, fees for support services associated with events, commissions from vendors, and certain other miscellaneous charges. Other revenues, including tourist development taxes and interest revenue, are classified as nonoperating.

Pension Expense:

The Center expenses required pension contributions as a component of personal services expense. The remaining portion of pension expense, consisting of the proportionate share of the Florida Retirement System's actuarially determined pension expense in excess of amounts contributed by the Center, is presented as a pension liability adjustment.

Other Postemployment Benefit Expense:

The Center expenses other postemployment benefit (OPEB) contributions as a component of personal services expense. The remaining portion of OPEB expense, consisting of the actuarially determined portion of the County's OPEB expense in excess of amounts contributed by the Center, is presented as an OPEB liability adjustment.

Continued

## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Bond Amortization Costs:

Bond premiums are being amortized over the life of the debt using the interest method. 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 premium and amortization of the deferred amount on refunding are recorded as components of interest and fiscal charges expense. Amortization of these bond costs for the fiscal years ended September 30, 2022 and 2021 was as follows:

| | 2022 | 2021 |
|---|---|---|
| Net amortization of bond premium | $ (6,902,546) | $ (8,166,163) |
| Amortization of deferred amounts on debt refundings | 3,044,267 | 3,252,720 |

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Continued

## B. DEPOSIT AND INVESTMENT RISK

As of September 30, 2022 and 2021, the carrying value of the Center's deposits and investments, with their respective Standard & Poor's and Moody's Investors Service credit ratings, was as follows:

| Investment Type | 2022 | 2021 | Credit Rating |
|---|---|---|---|
| Demand and time deposits | $ 68,145,965 | $ 63,757,211 | NA |
| Money market mutual funds | 1,868,615 | 285,042 | AAAm/Aaa-mf |
| U.S. Treasury Notes | 78,914,178 | 80,482,059 | AA+/Aaa |
| County investment pool: | | | |
| Florida PRIME | 49,379,951 | 32,646,450 | AAAm |
| U.S. Treasury Bills | 33,535,622 | 16,062,298 | A-1+ |
| U.S. Treasury Notes | 111,236,308 | 90,654,752 | AA+/Aaa |
| U.S. Cash Management Bills | 6,347,568 | - | A-1+ |
| Federal instrumentalities: | | | |
| Notes and bonds | 24,824,800 | 3,213,112 | A-1+/P-1 |
| Money market mutual funds | 757,414 | 1,286 | AAAm/Aaa-mf |
| Total | $ 375,010,421 | $ 287,102,210 | |

The Center's fair value measurement for U.S. Treasury Bills, U.S. Treasury Notes, U.S. Cash Management Bills and Federal Instrumentalities uses observable inputs other than quoted prices in active markets (Level 2 inputs). Time deposits, Florida PRIME and money market mutual funds are valued at amortized cost.

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.

Continued

## B. DEPOSIT AND INVESTMENT RISK, Continued

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 the U. S. 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, 2022, the Center's portion of the Board investment pool portfolio was invested in one authorized Instrumentality, which represented ten percent of the total 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. At September 30, 2022 and 2021, 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, 2022 and 2021, all of the Center's investments were held in a bank's trust department in the Board's name.

Continued

## B. DEPOSIT AND INVESTMENT RISK, Continued

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.

The Center's investments had weighted average maturities of 10.4 months and 13.1 months at September 30, 2022 and 2021, respectively. The portfolio did not contain any callable securities at September 30, 2022 and 2021. The Money Markets have a weighted average maturity of not more than 60 days.

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Continued

## 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, 2022 and September 30, 2021:

| | Cash and Cash Equivalents | Investments | Accrued Interest Receivable | Totals |
|---|---|---|---|---|
| September 30, 2022: | | | | |
| Bond interest | $ 15,836,999 | $ - | $ - | $ 15,836,999 |
| Bond principal | 48,545,000 | - | - | 48,545,000 |
| Bond reserve | 1,751,960 | 78,914,178 | - | 80,666,138 |
| Sixth cent TDT | 3,937,258 | - | - | 3,937,258 |
| Hotel surcharge | 3,155,838 | - | - | 3,155,838 |
| Total restricted assets | 73,227,055 | 78,914,178 | - | 152,141,233 |
| Less: current portion | 68,319,257 | - | - | 68,319,257 |
| Restricted assets, noncurrent portion | $ 4,907,798 | $ 78,914,178 | $ - | $ 83,821,976 |
| September 30, 2021: | | | | |
| Bond interest | $ 16,785,269 | $ - | $ 433 | $ 16,785,702 |
| Bond principal | 42,575,000 | - | - | 42,575,000 |
| Bond reserve | 284,492 | 80,482,059 | - | 80,766,551 |
| Sixth cent TDT | 2,661,819 | - | - | 2,661,819 |
| Hotel surcharge | 3,135,430 | - | - | 3,135,430 |
| Total restricted assets | 65,442,010 | 80,482,059 | 433 | 145,924,502 |
| Less: current portion | 62,022,088 | - | 433 | 62,022,521 |
| Restricted assets, noncurrent portion | $ 3,419,922 | $ 80,482,059 | $ - | $ 83,901,981 |

Continued

## D. CAPITAL ASSETS

Capital asset activity for the years ended September 30, 2022 and 2021 was as follows:

| | Balance 10/1/2021 | Additions | Reductions | Balance 9/30/2022 |
|---|---|---|---|---|
| Capital assets, not being depreciated: | | | | |
| Land | $ 111,617,801 | $ - | $ - | $ 111,617,801 |
| Construction in progress | 32,826,623 | 8,362,178 | (125,647) | 41,063,154 |
| Total capital assets, not being depreciated | 144,444,424 | 8,362,178 | (125,647) | 152,680,955 |
| Capital assets, being depreciated/amortized: | | | | |
| Buildings | 1,470,190,373 | 132,495 | (668,310) | 1,469,654,558 |
| Improvements other than buildings | 63,256,715 | 894 | - | 63,257,609 |
| Machinery and equipment | 47,722,593 | 1,927,865 | (1,180,626) | 48,469,832 |
| Intangible | 8,094,291 | - | - | 8,094,291 |
| Total capital assets, being depreciated/amortized | 1,589,263,972 | 2,061,254 | (1,848,936) | 1,589,476,290 |
| Less accumulated depreciation/amortization expense for: | | | | |
| Buildings | (859,411,572) | (64,994,723) | 644,492 | (923,761,803) |
| Improvements other than buildings | (26,767,312) | (1,807,067) | - | (28,574,379) |
| Machinery and equipment | (37,375,510) | (3,312,072) | 364,977 | (40,322,605) |
| Intangible | (5,584,504) | (142,736) | - | (5,727,240) |
| Total accumulated depreciation/amortization expense | (929,138,898) | (70,256,598) | 1,009,469 | (998,386,027) |
| Total capital assets, being depreciated/amortized, net | 660,125,074 | (68,195,344) | (839,467) | 591,090,263 |
| Total Center capital assets, net | $ 804,569,498 | $ (59,833,166) | $ (965,114) | $ 743,771,218 |

| | Balance 10/1/2020 | Additions | Reductions | Balance 9/30/2021 |
|---|---|---|---|---|
| Capital assets, not being depreciated: | | | | |
| Land | $ 111,617,801 | $ - | $ - | $ 111,617,801 |
| Construction in progress | 88,047,370 | 19,349,345 | (74,570,092) | 32,826,623 |
| Total capital assets, not being depreciated | 199,665,171 | 19,349,345 | (74,570,092) | 144,444,424 |
| Capital assets, being depreciated/amortized: | | | | |
| Buildings | 1,430,463,362 | 74,518,511 | (34,791,500) | 1,470,190,373 |
| Improvements other than buildings | 63,256,715 | - | - | 63,256,715 |
| Machinery and equipment | 47,961,337 | 3,273,421 | (3,512,165) | 47,722,593 |
| Intangible | 8,094,291 | - | - | 8,094,291 |
| Total capital assets, being depreciated/amortized | 1,549,775,705 | 77,791,932 | (38,303,665) | 1,589,263,972 |
| Less accumulated depreciation/amortization expense for: | | | | |
| Buildings | (814,371,075) | (69,309,454) | 24,268,957 | (859,411,572) |
| Improvements other than buildings | (24,951,860) | (1,815,452) | - | (26,767,312) |
| Machinery and equipment | (34,705,367) | (3,625,139) | 954,996 | (37,375,510) |
| Intangible | (5,251,158) | (333,346) | - | (5,584,504) |
| Total accumulated depreciation/amortization expense | (879,279,460) | (75,083,391) | 25,223,953 | (929,138,898) |
| Total capital assets, being depreciated/amortized, net | 670,496,245 | 2,708,541 | (13,079,712) | 660,125,074 |
| Total Center capital assets, net | $ 870,161,416 | $ 22,057,886 | $ (87,649,804) | $ 804,569,498 |

Continued

## 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, 2022 and 2021 is as follows:

| | Balance 10/1/2021 | Additions | Reductions | Balance 9/30/2022 | Due Within One Year |
|---|---|---|---|---|---|
| Compensated absences payable | $ 3,103,956 | $ 2,366,885 | $ (2,450,480) | $ 3,020,361 | $ 2,268,500 |
| Revenue bonds payable: | | | | | |
| Public offerings | 727,810,000 | - | (42,575,000) | 685,235,000 | 48,545,000 |
| Plus unamortized costs: | | | | | |
| Bond premium | 38,270,684 | - | (6,902,546) | 31,368,138 | (6,210,918) |
| Total revenue bonds payable, net of unamortized costs | 766,080,684 | - | (49,477,546) | 716,603,138 | 42,334,082 |
| Net pension liability | 10,165,025 | 12,144,347 | - | 22,309,372 | - |
| Net OPEB liability (asset) | (1,072,012) | 2,270,515 | (259,292) | 939,211 | - |
| Total net pension liability/ OPEB (asset) | 9,093,013 | 14,414,862 | (259,292) | 23,248,583 | - |
| Center long-term liabilities, including current portion | $ 778,277,653 | $ 16,781,747 | $ (52,187,318) | $ 742,872,082 | $ 44,602,582 |

| | Balance 10/1/2020 | Additions | Reductions | Balance 9/30/2021 | Due Within One Year |
|---|---|---|---|---|---|
| Compensated absences payable | $ 3,238,899 | $ 2,175,944 | $ (2,310,887) | $ 3,103,956 | $ 2,086,460 |
| Revenue bonds payable: | | | | | |
| Public offerings | 768,355,000 | - | (40,545,000) | 727,810,000 | 42,575,000 |
| Plus unamortized costs: | | | | | |
| Bond premium | 46,436,847 | - | (8,166,163) | 38,270,684 | (6,902,546) |
| Total revenue bonds payable, net of unamortized costs | 814,791,847 | - | (48,711,163) | 766,080,684 | 35,672,454 |
| Net pension liability | 27,807,196 | - | (17,642,171) | 10,165,025 | - |
| Net OPEB liability (asset) | (563,041) | 670,257 | (1,179,228) | (1,072,012) | - |
| Total net pension liability/OPEB (asset) | 27,244,155 | 670,257 | (18,821,399) | 9,093,013 | - |
| Center long-term liabilities, including current portion | $ 845,274,901 | $ 2,846,201 | $ (69,843,449) | $ 778,277,653 | $ 37,758,914 |

Continued

## F. REVENUE BONDS PAYABLE

Public Offerings:

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.

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

On July 7, 2015, the Board issued $154,195,000 of Tourist Development Tax Refunding Revenue Bonds, Series 2015, to refund on a current basis all of the $185,950,000 of outstanding Tourist Development Tax Refunding Revenue Bonds, Series 2005, maturing on or after October 1, 2015.

Series 2015 Bonds maturing on or after October 1, 2026 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, 2025, at a redemption price equal to the principal amount plus accrued interest to the redemption date, with no redemption premium.

On July 14, 2016, the Board issued $63,025,000 of Tourist Development Tax Refunding Revenue Bonds, Series 2016, to refund on a current basis all of the $72,635,000 of outstanding Tourist Development Tax Refunding Revenue Bonds, Series 2006, maturing on or after October 1, 2016.

Series 2016 Bonds maturing after October 1, 2026 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, 2026, at a redemption price equal to the principal amount plus accrued interest to the redemption date, with no redemption premium.

On December 21, 2016, the Board issued $88,940,000 of Tourist Development Tax Revenue Bonds, Series 2016A, to pay a portion of the cost to complete the Stage II project of the City of Orlando’s Performing Arts Center and to fund increases to the debt service reserve account.

Series 2016A Bonds maturing on or after October 1, 2027 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, 2026, at a redemption price equal to the principal amount plus accrued interest to the redemption date, with no redemption premium.

Continued

## F. REVENUE BONDS PAYABLE, Continued

The Series 2016A Term Bond maturing on October 1, 2036 is 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:

| Year | | Principal Amount |
|---|---|---|
| 2035 | $ | 16,810,000 |
| 2036 (final maturity) | | 17,490,000 |

On December 21, 2016, the Board issued $202,745,000 of Tourist Development Tax Refunding Revenue Bonds, Series 2016B, to advance refund all of the $235,290,000 of outstanding City of Orlando Contract Tourist Development Tax Payments Revenue Bonds, Series 2014A.

Series 2016B Bonds maturing on or after October 1, 2027 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, 2026, at a redemption price equal to the principal amount plus accrued interest to the redemption date, with no redemption premium.

The Series 2016B Term Bond maturing on October 1, 2036 is 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:

| Year | | Principal Amount |
|---|---|---|
| 2035 | $ | 38,335,000 |
| 2036 (final maturity) | | 39,860,000 |

On July 6, 2017, the Board issued $194,740,000 of Tourist Development Tax Refunding Revenue Bonds, Series 2017, to refund on a current basis all of the $131,950,000 and $120,960,000 of outstanding Tourist Development Tax Refunding Revenue Bonds, Series 2007 and Series 2007A, respectively.

The Series 2017 Bonds are not subject to redemption prior to maturity.

In the event of default on all bonded debt, the Center must transfer principal and interest accounts to the Trustee and the Trustee is required to draw on the Bond Reserve Accounts to make up any deficiency.

Continued

## F. REVENUE BONDS PAYABLE, Continued

The following is a summary of revenue bonds payable as of September 30, 2022 and 2021:

Public Offerings:

| | September 30 | |
|---|---|---|
| | 2022 | 2021 |
| $144,395,000 Tourist Development Tax Refunding Revenue Bonds, Series 2010: | | |
| Serial bonds, due October 1, from 2021 to 2024 with interest due semi-annually on April 1 and October 1, at 5.00% | $ 122,335,000 | $ 131,290,000 |
| Unamortized bond premium | 1,194,744 | 2,425,495 |
| Deferred amount on refunding | (1,648,073) | (3,151,330) |
| Series 2010 Bonds payable net of unamortized costs | 121,881,671 | 130,564,165 |
| $154,195,000 Tourist Development Tax Refunding Revenue Bonds, Series 2015: | | |
| Serial bonds, due October 1, from 2021 to 2031 with interest due semi-annually on April 1 and October 1, at 5.00% | 104,605,000 | 113,745,000 |
| Unamortized bond premium | 6,388,974 | 8,012,718 |
| Deferred amount on refunding | (3,145,508) | (3,689,028) |
| Series 2015 Bonds payable net of unamortized costs | 107,848,466 | 118,068,690 |

Continued

## F. REVENUE BONDS PAYABLE, Continued

| | September 30 2022 | September 30 2021 |
|---|---|---|
| $63,025,000 Tourist Development Tax Refunding Revenue Bonds, Series 2016: | | |
| Serial bonds, due October 1, 2023; 2024; 2031 and 2032 with interest due semi-annually on April 1 and October 1, at 4.00% to 5.00% | $ 63,025,000 | $ 63,025,000 |
| Unamortized bond premium | 5,627,075 | 6,267,079 |
| Deferred amount on refunding | (2,321,689) | (2,519,350) |
| Series 2016 Bonds payable net of unamortized costs | 66,330,386 | 66,772,729 |
| $88,940,000 Tourist Development Tax Revenue Bonds, Series 2016A: | | |
| Serial bonds, due October 1, from 2025 to 2034 with interest due semi-annually on April 1 and October 1, at 3.25% to 5.00% | 54,640,000 | 54,640,000 |
| Term bond, due October 1, 2036, with interest due semi-annually on April 1 and October 1, at 4.00% | 34,300,000 | 34,300,000 |
| Unamortized bond premium | 1,162,498 | 1,380,354 |
| Series 2016A Bonds payable net of unamortized costs | 90,102,498 | 90,320,354 |

Continued

## F. REVENUE BONDS PAYABLE, Continued

| | September 30 2022 | September 30 2021 |
|---|---|---|
| $202,745,000 Tourist Development Tax Refunding Revenue Bonds, Series 2016B: | | |
| Serial bonds, due October 1, from 2025 to 2034 with interest due semi-annually on April 1 and October 1, at 4.00% to 5.00% | $ 124,550,000 | $ 124,550,000 |
| Term bond, due October 1, 2036, with interest due semi-annually on April 1 and October 1, at 4.00% | 78,195,000 | 78,195,000 |
| Unamortized bond premium | 3,131,339 | 3,724,193 |
| Series 2016B Bonds payable net of unamortized costs | 205,876,339 | 206,469,193 |
| $194,740,000 Tourist Development Tax Refunding Revenue Bonds, Series 2017: | | |
| Serial bonds, due October 1, from 2021 to 2022 and 2025 to 2030 with interest due semi-annually on April 1 and October 1, at 5.00% | 103,585,000 | 128,065,000 |
| Unamortized bond premium | 13,863,508 | 16,460,845 |
| Deferred amount on refunding | (5,421,004) | (6,220,833) |
| Series 2017 Bonds payable net of unamortized costs | 112,027,504 | 138,305,012 |

Continued

## F. REVENUE BONDS PAYABLE, Continued

| | September 30 2022 | September 30 2021 |
|---|---|---|
| Classified as: | | |
| Amounts displayed as liabilities: | | |
| Revenue bonds payable, current portion (payable from restricted assets) | $ 48,545,000 | $ 42,575,000 |
| Revenue bonds payable, noncurrent portion | 668,058,138 | 723,505,684 |
| Amounts displayed as deferred outflows: | | |
| Deferred amount on refundings | (12,536,274) | (15,580,541) |
| Total | $ 704,066,864 | $ 750,500,143 |

The total principal and interest remaining to be paid on all outstanding series of bonds was $919,288,181 and $994,368,244 as of September 30, 2022 and 2021, respectively. Principal and interest paid or defeased was $75,080,063 and $75,128,062, and total pledged revenue was $278,214,315 and $145,451,758, respectively, for the fiscal years ended September 30, 2022 and 2021.

Continued

## F. REVENUE BONDS PAYABLE, Continued

All series of Tourist Development Tax revenue 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):

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 $79,288,437.

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.

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.

Continued

## F. REVENUE BONDS PAYABLE, Continued

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. The Center has not received naming rights revenue as of September 30, 2022.

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## F. REVENUE BONDS PAYABLE, Continued

Future principal and interest payments (in thousands) required on the Series 2010, Series 2015, Series 2016, Series 2016A, Series 2016B, and Series 2017 Bonds, which were publicly offered, are as follows as of September 30, 2022:

| Bond Year | Public Offerings | |
|---|---|---|
| Ending October 1 | Principal | Interest |
| 2022 | $ 48,545 | $ 15,720 |
| 2023 | 50,275 | 29,013 |
| 2024 | 52,730 | 26,500 |
| 2025 | 32,585 | 23,863 |
| 2026 | 34,210 | 22,234 |
| 2027-2031 | 201,455 | 83,936 |
| 2032-2036 | 265,435 | 32,787 |
| Totals | $ 685,235 | $ 234,053 |

## G. RETIREMENT SYSTEMS

Florida Retirement System:

General Information - All of the Center's employees participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost-sharing multiple-employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan (Pension Plan) and the Retiree Health Insurance Subsidy (HIS Plan). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan (Investment Plan) alternative to the FRS Pension Plan, which is administered by the State Board of Administration (SBA). 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 State Legislature.

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,

Continued

## G. RETIREMENT SYSTEMS, Continued

Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the Web site: www.dms.myflorida.com/workforce_operations/retirement/publications.

**Pension Plan**

Plan Description – The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees.

Benefits Provided - 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. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service or 25 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. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service. 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. Elected Officers' 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 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers' class members, and to age 60 or 30 years of service regardless of age for Special Risk and Special Risk Administrative Support class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

Continued

## G. RETIREMENT SYSTEMS, Continued

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is three percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of three percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by three percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP 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. There are no required contributions by DROP participants.

Contributions – Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent 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 established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates are as follows:

| Job Class | July 1, 2022 - September 30, 2022 | July 1, 2021 - June 30, 2022 | October 1, 2020 - June 30, 2021 |
|---|---|---|---|
| Regular | 11.91% | 10.82% | 10.00% |
| Special Risk Administrative Support | 38.65% | 37.76% | 35.84% |
| Special Risk | 27.83% | 25.89% | 24.45% |
| Senior Management Services | 31.57% | 29.01% | 27.29% |
| Elected Officers | 57.00% | 51.42% | 49.18% |
| DROP participants | 18.60% | 18.34% | 16.98% |

These employer contribution rates include 1.66% HIS Plan subsidy for the period October 1, 2020 through September 30, 2022.

Continued

## G. RETIREMENT SYSTEMS, Continued

The Center's contributions to the Pension Plan totaled $1,897,397 and $1,624,843 for the fiscal years ended September 30, 2022 and 2021, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – The Center reported a liability of $16,172,162 and $3,136,449 for its proportionate share of the Board's Pension Plan's net pension liability as of September 30, 2022 and 2021, respectively. The net pension liability for each fiscal year was measured as of June 30, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation in each year as of July 1. The Center's proportionate share of the net pension liability was based on the Center's fiscal year contributions relative to the same fiscal year contributions of all participating members of the Board. At September 30, 2022, the Center's share was 2.94%, which was an increase of 0.27% from its proportionate share of 2.67% measured as of September 30, 2021.

For the fiscal years ended September 30, 2022 and 2021, the Center recognized pension expense of $2,273,808 and $124,754, respectively. In addition, the Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| Description | Deferred Outflows of Resources 9/30/2022 | Deferred Outflows of Resources 9/30/2021 | Deferred Inflows of Resources 9/30/2022 | Deferred Inflows of Resources 9/30/2021 |
|---|---|---|---|---|
| Differences between expected and actual experience | $ 768,084 | $ 537,592 | $ - | $ - |
| Change of assumptions | 1,991,669 | 2,146,114 | - | - |
| Net difference between projected and actual earnings on Pension Plan investments | 1,067,846 | - | - | 10,942,282 |
| Changes in proportion and differences between Center Pension Plan contributions and proportionate share of contributions | 338,971 | 452,208 | 511,599 | - |
| Center Pension Plan contributions subsequent to the measurement date | 529,267 | 441,661 | - | - |
| Total | $ 4,695,837 | $ 3,577,575 | $ 511,599 | $ 10,942,282 |

Continued

## G. RETIREMENT SYSTEMS, Continued

The deferred outflows of resources related to the Pension Plan resulting from Center contributions to the Plan subsequent to the measurement date, totaling $529,267, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

| Fiscal Year Ending September 30: | Amount |
|---|---|
| 2023 | $ 930,991 |
| 2024 | 338,895 |
| 2025 | (344,672) |
| 2026 | 2,641,162 |
| 2027 | 88,595 |

Actuarial Assumptions – The total pension liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Inflation | 2.40% |
| Salary increases | 3.25%, average, including inflation |
| Investment rate of return | 6.70%, net of pension plan investment expense, including inflation |

All assumptions were the same in the July 1, 2021 valuation with the exception of the investment rate of return which was 6.80%

Mortality rates were based on the PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2018.

The actuarial assumptions used in the July 1, 2022 and 2021 valuations were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead was based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption was based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates

Continued

## G. RETIREMENT SYSTEMS, Continued

of return for each major asset class for the July 1, 2022 actuarial valuation are summarized in the following table and were not changed significantly from the July 1, 2021 actuarial valuation:

| Asset Class | Target Allocation (1) | Annual Arithmetic Return | Compound Annual (Geometric) Return | Standard Deviation |
|---|---|---|---|---|
| Cash | 1.0% | 2.6% | 2.6% | 1.1% |
| Fixed income | 19.8% | 4.4% | 4.4% | 3.2% |
| Global equity | 54.0% | 8.8% | 7.3% | 17.8% |
| Real estate (property) | 10.3% | 7.4% | 6.3% | 15.7% |
| Private equity | 11.1% | 12.0% | 8.9% | 26.3% |
| Strategic investments | 3.8% | 6.2% | 5.9% | 7.8% |
| Total | 100.0% | | | |
| Assumed Inflation - Mean | | 2.4% | | 1.3% |

(1) As outlined in the Pension Plan's investment policy

Discount Rate - The discount rate used to measure the total pension liability was 6.70% and 6.80% for the July 1, 2022 and 2021 actuarial valuations, respectively. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation of the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the Center's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following represents the Center's proportionate share of the net pension (asset) liability calculated using the discount rate of 6.70% and 6.80%, for Fiscal Years 2022 and 2021, respectively, as well as what the Center's proportionate share of the net pension (asset) liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

Continued

## G. RETIREMENT SYSTEMS, Continued

| | 1% Decrease (5.70%) | Current Discount Rate (6.70%) | 1% Increase (7.70%) |
|---|---|---|---|
| Center's proportionate share of the net pension liability at September 30, 2022 | $ 27,968,642 | $ 16,172,162 | $ 6,308,901 |

| | 1% Decrease (5.80%) | Current Discount Rate (6.80%) | 1% Increase (7.80%) |
|---|---|---|---|
| Center's proportionate share of the net pension liability (asset) at September 30, 2021 | $ 14,026,410 | $ 3,136,449 | $ (5,966,338) |

Pension Plan Fiduciary Net Position - Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Annual Comprehensive Financial Report.

Payables to the Pension Plan - At September 30, 2022 and 2021, the Center reported de minimis amounts payable for outstanding contributions to the Pension Plan.

### HIS Plan

Plan Description – The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided – For the fiscal year ended September 30, 2022, eligible retirees and beneficiaries received a monthly HIS payment of $5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of $30 and a maximum HIS payment of $150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Continued

## G. RETIREMENT SYSTEMS, Continued

Contributions – The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal years ended September 30, 2022 and 2021, the HIS contribution rate was 1.66%. The Center contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The Center's contributions to the HIS Plan totaled $354,656 and $337,227 for the fiscal years ended September 30, 2022 and 2021, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – The Center reported a liability of $6,137,210 and $7,028,576 for its proportionate share of the Board's HIS Plan's net pension liability as of September 30, 2022 and 2021, respectively. The net pension liability for each fiscal year was measured as of June 30, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation prepared as of July 1. The Center's proportionate share of the net pension liability was based on the Center's fiscal year contributions relative to the same fiscal year contributions of all participating members of the Board. At September 30, 2022, the Center's proportionate share was 4.83%, which was an increase of 0.23% from its proportionate share of 4.60% measured as of September 30, 2021.

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## G. RETIREMENT SYSTEMS, Continued

For the fiscal years ended September 30, 2022 and 2021, the Center recognized pension expense of $374,969 and $601,307, respectively. In addition, the Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| Description | Deferred Outflows of Resources 9/30/2022 | Deferred Outflows of Resources 9/30/2021 | Deferred Inflows of Resources 9/30/2022 | Deferred Inflows of Resources 9/30/2021 |
|---|---|---|---|---|
| Differences between expected and actual experience | $ 186,279 | $ 235,194 | $ 27,004 | $ 2,944 |
| Change of assumptions | 351,789 | 552,289 | 949,422 | 289,595 |
| Net difference between projected and actual earnings on HIS Plan investments | 8,885 | 7,327 | - | - |
| Changes in proportion and differences between Center HIS Plan contributions and proportionate share of contributions | 314,210 | 396,076 | 219,080 | - |
| Center HIS Plan contributions subsequent to the measurement date | 95,541 | 87,052 | - | - |
| Total | $ 956,704 | $ 1,277,938 | $ 1,195,506 | $ 292,539 |

The deferred outflows of resources related to the HIS Plan resulting from Center contributions to the HIS Plan subsequent to the measurement date, totaling $95,541, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2023. Other amounts reported as deferred outflows of resources related to the HIS Plan will be recognized in pension expense as follows:

| Fiscal Year Ending September 30: | Amount |
|---|---|
| 2023 | $ (46,279) |
| 2024 | (13,255) |
| 2025 | (1,292) |
| 2026 | (46,109) |
| 2027 | (151,804) |
| Thereafter | (75,604) |

Continued

## G. RETIREMENT SYSTEMS, Continued

Actuarial Assumptions – The total pension liability in the July 1, 2022 valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Inflation | 2.40% |
| Salary increases | 3.25%, average, including inflation |
| Municipal bond rate | 3.54% |

All assumptions were the same in the July 1, 2021 valuation with the exception of the municipal bond rate which was 2.16%

Mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2018.

The actuarial assumptions used to determine the July 1, 2022 and 2021 valuations, were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

Discount Rate - The discount rate used to measure the total pension liability was 3.54% and 2.16% for the July 1, 2022 and 2021 actuarial valuation, respectively. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the FRS Actuarial Assumption Conference. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the Center's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following represents the Center's proportionate share of the net pension liability calculated using the discount rate of 3.54% and 2.16%, for the Fiscal Year 2022 and 2021, respectively as well as what the Center's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

Continued

## G. RETIREMENT SYSTEMS, Continued

| | 1% Decrease (2.54%) | Current Discount Rate (3.54%) | 1% Increase (4.54%) |
|---|---|---|---|
| Center's proportionate share of the net pension liability at September 30, 2022 | $ 7,021,472 | $ 6,137,210 | $ 5,405,501 |

| | 1% Decrease (1.16%) | Current Discount Rate (2.16%) | 1% Increase (3.16%) |
|---|---|---|---|
| Center's proportionate share of the net pension liability at September 30, 2021 | $ 8,125,714 | $ 7,028,576 | $ 6,129,716 |

HIS Plan Fiduciary Net Position - Detailed information regarding the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Annual Comprehensive Financial Report.

Payables to the HIS Plan - At September 30, 2022 and 2021, the Center reported de minimis amounts payable for outstanding contributions to the HIS Plan.

**Investment Plan**

The SBA administers the defined contribution plan officially titled the FRS Investment Plan. The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Annual Comprehensive Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Center employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution and by forfeited benefits of plan members. The employer contribution for the period from

Continued

## G. RETIREMENT SYSTEMS, Continued

October 1, 2020 through September 30, 2022 was 0.06% of payroll. Allocations to the investment member's accounts during the period covering October 1, 2020 to June 30, 2022 and July 1, 2022 to September 30, 2022, respectively, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class--6.30% and 9.30%, Special Risk Administrative Support class--7.95% and 10.95%, Special Risk class--14.00% and 17.00%, Senior Management Service class--7.67% and 10.67% and County Elected Officers class--11.34% and 14.34%.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2022, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Center.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The Center's Investment Plan pension expense totaled $585,200 and $540,184 for the fiscal years ended September 30, 2022 and 2021, respectively.

## H. OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

Plan Description – In addition to the pension benefits described in Note G, the Center offers a postemployment benefit plan (OPEB Plan) that subsidizes the cost of health care for its retirees and eligible dependents. Employees of the Center with at least 10 years of combined service under the Center and/or any other Board department or any of the five county officers (County Comptroller, Property Appraiser, Sheriff, Supervisor of Elections, or Tax Collector) who retire and immediately begin receiving benefits from the Florida

Continued

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

Retirement System (FRS) are eligible to receive a monthly benefit of five dollars per year of service up to a maximum of $150 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 commencement at such deferral date. Additionally, in accordance with State statute, Center employees 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 Health Care Benefit Trust (Trust), a single-employer defined benefit OPEB plan for, and administered by, the Board and County officers noted above. The Board has the authority to establish and amend the Plan and engages an actuarial firm to determine each participant's estimated obligation and actuarially determined contribution (ADC). For Fiscal Year 2022, the Center's ADC payment was $85,405, representing 0.33% of the Center's covered employee payroll amount of $25,879,717. For Fiscal Year 2021, the Center's actuarially determined annual OPEB cost (AOC) payment to the trust was $119,006, representing 0.53% of the Center's covered employee payroll amount of $22,331,114. A full presentation of the Trust and OPEB Plan assets, liabilities, and actuarial methods and assumptions is included in the Orange County, Florida Annual Comprehensive Financial Report. Separate stand-alone financial statements for the Trust are not prepared.

At September 30, 2022 and 2021, Center employee plan participation consisted of:

| | 2022 | 2021 |
|---|---|---|
| Active members | 398 | 378 |
| Inactive employees currently receiving benefits | 103 | 100 |
| Inactive employees with deferred benefits | 4 | 3 |

Net OPEB Liability – The Center's net OPEB liability measured as of September 30, 2022 and 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of those dates.

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

Actuarial Assumptions – The total OPEB liability in the September 30, 2022 actuarial valuation was determined based on a five-year actuarial experience study for the period ended September 30, 2018, and using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

The actuarial assumptions are:

| | |
|---|---|
| Investment rate of return | 7.0% |
| Discount rate used to measure total OPEB liability | 7.0% |
| Projected annual salaries increase | 4.5% |
| Inflation rate | 2.5% |
| Healthcare cost trend rate | Pre-65 increase of 7.20%; post 65 increase of 7.35% for Fiscal Year 2023, grading to an ultimate rate of 4.50% for Fiscal Year 2032+ |
| Mortality | Pub-2010 Headcount Weighted General and Public Safety tables, projected with Scale MP-2021 |

All assumptions were the same in the September 30, 2021 actuarial valuation with the exception of the healthcare cost trend rate which was Pre-65 increase of 6.40%; post 65 increase of 6.70% for Fiscal Year 2022, grading to an ultimate rate of 4.50% for the Fiscal Year 2031+.

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2022 are summarized in the following table, which also approximate the rate of return and asset allocation as of September 30, 2021:

| Asset Class | Expected Nominal Rate of Return | Expected Real Rate of Return | Allocation |
|---|---|---|---|
| Large Cap U.S. Equity | 7.30% | 4.79% | 42.70% |
| Small Cap U.S. Equity | 7.80% | 5.27% | 7.30% |
| International Equity | 7.60% | 5.08% | 24.20% |
| Emerging Markets Equity | 8.20% | 5.66% | 8.80% |
| Non-U.S. Developed Bond | 3.20% | 0.78% | 5.00% |
| Intermediate Duration Bonds-Gov't | 2.90% | 0.49% | 8.00% |
| Intermediate Duration Bonds-Credit | 4.00% | 1.56% | 4.00% |
| Total Portfolio | 7.22% | 4.71% | 100.00% |

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

Changes in the Net OPEB Liability – For the Center for fiscal years ended September 30, 2022 and 2021, are displayed in the following tables:

| | Increase (Decrease) | | |
|---|---|---|---|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB (asset) Liability (a) - (b) |
| Balances at 9-30-2021 | $ 3,525,327 | $ 4,597,339 | $ (1,072,012) |
| Changes for the year: | | | |
| Service cost | 144,886 | - | 144,886 |
| Interest | 249,901 | - | 249,901 |
| Change in Benefit Terms | 970,421 | - | 970,421 |
| Differences between expected and actual experience | (131,342) | - | (131,342) |
| Changes of assumptions | (42,545) | - | (42,545) |
| Contribution - employer | - | 85,405 | (85,405) |
| Net investment income | - | (905,307) | 905,307 |
| Benefit payments | (203,852) | (203,852) | - |
| Net changes | 987,469 | (1,023,754) | 2,011,223 |
| Balances at 9-30-2022 | $ 4,512,796 | $ 3,573,585 | $ 939,211 |

Plan fiduciary net position as a percentage of the total OPEB liability: 79.19%

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

| | Increase (Decrease) | | |
|---|---|---|---|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB (asset) Liability (a) - (b) |
| Balances at 9-30-2020 | $ 3,154,606 | $ 3,717,647 | $ (563,041) |
| Changes for the year: | | | |
| Service cost | 138,709 | - | 138,709 |
| Interest | 224,656 | - | 224,656 |
| Differences between expected and actual experience | (128,762) | - | (128,762) |
| Changes of assumptions | 306,892 | - | 306,892 |
| Contribution - employer | - | 119,006 | (119,006) |
| Net investment income | - | 931,460 | (931,460) |
| Benefit payments | (170,774) | (170,774) | - |
| Net changes | 370,721 | 879,692 | (508,971) |
| Balances at 9-30-2021 | $ 3,525,327 | $ 4,597,339 | $ (1,072,012) |

Plan fiduciary net position as a percentage of the total OPEB liability: 130.41%

The discount rate used to measure the total OPEB liability is 7.00% in Fiscal Years 2022 and 2021. The projection of cash flows used to determine the discount rate assumed the Center would continue to fund the actuarially determined contribution. Only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included.

Based on these assumptions, the OPEB fund's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members.

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

Sensitivity of the Center's Net OPEB Liability (Asset) to Changes in the Discount Rate - The following represents the Center's net OPEB liability (asset) calculated using the discount rate of 7.00% for Fiscal Years 2022 and 2021, as well as what the Center's net OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

| | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
|---|---|---|---|
| Center's net OPEB liability at September 30, 2022 | $ 1,367,415 | $ 939,211 | $ 563,449 |

| | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
|---|---|---|---|
| Center's net OPEB liability (asset) at September 30, 2021 | $ (760,329) | $ (1,072,012) | $ (1,349,227) |

Sensitivity of the Center's Net OPEB Liability (Asset) to Changes in the healthcare cost trend rates - The following represents the Center's OPEB liability (asset) calculated using a health care cost trend rate of 7.35% and 6.70% for Fiscal Years 2022 and 2021, respectively, as well as what the Center's net OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

| | 1% Decrease (6.35%) | Current Discount Rate (7.35%) | 1% Increase (8.35%) |
|---|---|---|---|
| Center's net OPEB liability at September 30, 2022 | $ 747,348 | $ 939,211 | $ 1,161,784 |

| | 1% Decrease (5.70%) | Current Discount Rate (6.70%) | 1% Increase (7.70%) |
|---|---|---|---|
| Center's net OPEB liability (asset) at September 30, 2021 | $ (1,257,832) | $ (1,072,012) | $ (858,311) |

Continued

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

For fiscal years ended September 30, 2022 and 2021, the Center recognized OPEB (benefit) expense of $919,239 and ($73,073), respectively. In addition, the Center reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| Description | Deferred Outflows of Resources | | Deferred Inflows of Resources | |
|---|---|---|---|---|
| | 9/30/2022 | 9/30/2021 | 9/30/2022 | 9/30/2021 |
| Differences between expected and actual experience | $ 69,369 | $ 84,750 | $ 299,394 | $ 213,750 |
| Change of assumptions | 348,229 | 404,912 | 201,616 | 204,850 |
| Net difference between projected and actual earnings on OPEB Plan investments | - | - | 178,028 | 633,741 |
| Total | $ 417,598 | $ 489,662 | $ 679,038 | $ 1,052,341 |

The OPEB Plan's deferred outflows of resources and deferred inflows of resources related to the Center at September 30, 2022 will be recognized in OPEB expense of the Center as follows:

| Fiscal Year Ending September 30: | Amount |
|---|---|
| 2023 | $ (101,400) |
| 2024 | (123,591) |
| 2025 | (81,426) |
| 2026 | 68,719 |
| 2027 | (2,955) |
| Thereafter | (20,787) |

## I. INSURANCE COVERAGE

The Board maintains a self-insurance program that provides for coverage of substantially all risks. Various excess catastrophe insurance policies with commercial carriers 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 2022 and 2021 at an annual cost of $3,186,991 and $3,354,493, respectively. There have been no claim settlements in excess of insurance coverage during the three fiscal years ended September 30, 2022.

Continued

## I. INSURANCE COVERAGE, Continued

Additionally, the Board maintains a self-insured plan for employee medical benefits in which the Center participates. The self-insurance plan covers all regular employees and certain retirees and former employees of the Board and their eligible dependents. In accordance with the Affordable Care Act, the lifetime maximum for a covered individual is unlimited.

## 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. Pursuant to the original ordinance and bond covenants, the tax proceeds are applied as described in Note F.

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 Fiscal Year 2000, 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. The tax is currently collected and administered by the Orange County Comptroller in accordance with an ordinance adopted by the Board.

Continued

## 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 carried the requirement that any hotel built upon those sites is obligated to pay a revenue surcharge to the Center. The surcharge amount, restricted in its use to the Convention Center site, was set at one percent of the hotel's gross rental revenues and was 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, 2022 and 2021, the balance of unspent hotel surcharge revenue was $3,155,838 and $3,135,430, respectively.

## L. PAYMENTS TO OTHER AGENCIES

Under the terms of the 2007 Tourism Promotion Agreement, as amended, between the Board and the Orlando/Orange County Convention and Visitors Bureau, Inc., doing business as Visit Orlando, a not-for-profit corporation that is dedicated to promotion of local community tourist activities and facilities, the Center has contributed portions of the Tourist Development Tax, and Sixth Cent Tax levy to Visit Orlando. Beginning Fiscal Year 2020, with the governing board's approval of the 2019 Tourism Promotion Agreement on October 22, 2019, the percentage of the Center's Tourist Development Tax payments to Visit Orlando for the Fiscal Years 2021 through 2028, has been committed each fiscal year as shown below:

Percentage of Tourist Development Tax Payments to Visit Orlando

| Fiscal Year | Sixth Cent Tax | 1-4 Cents Tax | Percentage of Total Tax |
|---|---|---|---|
| 2020/2021 | 50.00% | 28.105% | 27.07% |
| 2021/2022 | 50.00% | 30.355% | 28.57% |
| 2022/2023 | 50.00% | 32.500% | 30.00% |
| 2023/2024 | 50.00% | 32.500% | 30.00% |
| 2024/2025 | 50.00% | 32.500% | 30.00% |
| 2025/2026 | 50.00% | 32.500% | 30.00% |
| 2026/2027 | 50.00% | 32.500% | 30.00% |
| 2027/2028 | 50.00% | 32.500% | 30.00% |

The agreement also provides for annual funding to Visit Orlando in the amount of $4 million for sports event promotion.

Continued

## L. PAYMENTS TO OTHER AGENCIES, Continued

For the 2022 and 2021 fiscal years, the total contributions to Visit Orlando were $96,086,406 and $47,879,283, respectively. In addition, the Center contributed $10,653,971 and $2,664,581 in Fiscal Years 2022 and 2021, respectively, to other agencies for purposes of promoting tourism in Orange County in connection with various events and to provide funding for legally authorized auditoriums and museums.

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 was to contribute certain Tourist Development Tax proceeds to the City for a portion of the financing needed for renovation of the Florida Citrus Bowl Stadium, construction of a new Performing Arts Center and a new Events Center to replace the Amway Arena. Based on specified criteria, a calculated portion of the first four cents levy of Tourist Development Taxes was to be paid once each fiscal year to the City for the Citrus Bowl and Performing Arts Center projects from prior year actual tax proceeds. However, the Center is obligated to pay a portion of sixth cent tax revenues on a monthly basis to the City for the Events Center project. These payments are scheduled to be made for the earlier of 30 years or until associated debt of up to $540 million issued by the City is defeased or redeemed in full.

For Fiscal Years 2022 and 2021, the monthly sixth cent tax revenue payments to the City totaled $27,968,967 and $14,696,413, respectively.

On November 1, 2016, the Second Amended and Restated Interlocal Agreement was approved, providing for an additional $45 million of Tourist Development Tax funding to complete the Performing Arts Center acoustic hall. This obligation was met with proceeds from the Center's Tourist Development Tax Revenue Bonds, Series 2016A, which were issued on December 21, 2016.

Also on December 21, 2016, the Center issued its Tourist Development Tax Refunding Revenue Bonds, Series 2016B, which advance refunded the City's debt on the Florida Citrus Bowl and the Performing Arts Center, thus eliminating the Center's annual obligation to the City from the first four cents levy.

On August 6, 2019, a funding agreement was approved between Orange County, the City of Orlando, and Florida Citrus Sports Events, Inc., for the commitment of up to $60 million in funding from excess Tourist Development Tax revenues for continuing construction and upgrades to the Camping World Stadium, formerly known as the Florida Citrus Bowl Stadium. For the 2021 fiscal year, funding totaling $20 million was distributed to the City for this purpose. As of September 30, 2021, the county has fulfilled its obligation under this agreement.

Continued

## L. PAYMENTS TO OTHER AGENCIES, Continued

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. On October 22, 2019, the Board committed to providing an additional amount of up to $2 million of Tourist Development Tax revenues, in addition to three percent of the first four cents of the Tourist Development Tax revenues for its Arts and Cultural Tourism Program. For the 2022 and 2021 fiscal years, the total contributions to arts and cultural agencies were $5,946,271 and $7,442,496, respectively.

## M. COMMITMENTS AND CONTINGENCIES

Outstanding commitments under operating and construction contracts for the Center totaled approximately $27.3 million and $28.6 million at September 30, 2022 and 2021, 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.

As described in Note L above, the Center makes payments to other entities related to Tourist Development Tax receipts based on individual agreements with those entities. For those payments which are based on a percentage of the Tourist Development Taxes received, payments will continue as outlined in the related agreements.

## 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, subject to annual increases and approval by the Board. For this purpose, transfers of $3,100,000 were made in Fiscal Years 2022 and 2021.

On April 23, 2019, the Board approved the Application Review Committee (ARC) request for additional funding for the Orange County Regional History Center museum capital construction in an amount up to $5,750,000. No transfers were made during Fiscal Year 2022 or 2021.

Continued

# 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, 2022**

| | Budget | Actual |
|---|---|---|
| Operating revenues: | | |
| Event services | $ 36,775,725 | $ 35,987,126 |
| Rentals | 17,441,709 | 19,761,844 |
| Vendor commissions | 7,071,772 | 6,514,138 |
| Forfeited deposits | - | 2,942,918 |
| Miscellaneous | 677,220 | 1,110,859 |
| Total operating revenues | 61,966,426 | 66,316,885 |
| Operating and maintenance expenses: | | |
| Personal services | 35,657,409 | 34,895,822 |
| Contractual services | 13,278,447 | 13,261,534 |
| Materials and supplies | 1,354,178 | 967,977 |
| Utilities | 15,579,071 | 15,556,291 |
| Repairs and maintenance | 7,637,208 | 6,946,454 |
| Other expenses | 7,332,896 | 6,876,311 |
| Total operating and maintenance expenses | 80,839,209 | 78,504,389 |
| Operating loss, budgetary basis* | (18,872,783) | (12,187,504) |
| Nonoperating revenues (expenses): | | |
| Tourist development tax | 330,000,000 | 336,319,237 |
| Tax collection expense | (722,997) | (722,997) |
| Payments to other agencies | (145,757,093) | (140,655,615) |
| Investment income (loss) | 2,013,883 | (2,791,357) |
| Interest expense and fiscal charges | (31,460,688) | (31,452,762) |
| Total net nonoperating revenues (expenses) | 154,073,105 | 160,696,506 |
| Income before transfers out, budgetary basis* | 135,200,322 | 148,509,002 |
| Transfers out | (3,100,000) | (3,100,000) |
| Change in net position, budgetary basis* | $ 132,100,322 | $ 145,409,002 |

*Budgetary basis, for purposes of this schedule, includes all budgeted items except for capital outlay, debt principal and other non-expense transactions, beginning net position, and expense reserves.

**ORANGE COUNTY CONVENTION CENTER**
**SCHEDULE OF BONDED DEBT AND INTEREST**
**September 30, 2022**

| BOND YEAR ENDING OCTOBER 1 | TOURIST DEVELOPMENT TAX REFUNDING REVENUE BONDS SERIES 2010 | | TOURIST DEVELOPMENT TAX REFUNDING REVENUE BONDS SERIES 2015 | | TOURIST DEVELOPMENT TAX REFUNDING REVENUE BONDS SERIES 2016 | |
|---|---|---|---|---|---|---|
| | PRINCIPAL | INTEREST | PRINCIPAL | INTEREST | PRINCIPAL | INTEREST |
| 2022 | $ 38,805,000 | $ 3,058,375 (a) | $ 8,125,000 | $ 2,615,125 (a) | $ - | $ 1,270,500 (a) |
| 2023 | 40,750,000 | 4,176,500 | 8,525,000 | 4,824,000 | 1,000,000 | 2,541,000 |
| 2024 | 42,780,000 | 2,139,000 | 8,950,000 | 4,397,750 | 1,000,000 | 2,491,000 |
| 2025 | - | - | 9,820,000 | 3,950,250 | - | 2,441,000 |
| 2026 | - | - | 10,280,000 | 3,459,250 | - | 2,441,000 |
| 2027 | - | - | 10,810,000 | 2,945,250 | - | 2,441,000 |
| 2028 | - | - | 11,250,000 | 2,404,750 | - | 2,441,000 |
| 2029 | - | - | 11,815,000 | 1,842,250 | - | 2,441,000 |
| 2030 | - | - | 12,435,000 | 1,251,500 | - | 2,441,000 |
| 2031 | - | - | 12,595,000 | 629,750 | 21,510,000 | 2,441,000 |
| 2032 | - | - | - | - | 39,515,000 | 1,580,600 |
| Totals | $ 122,335,000 | $ 9,373,875 | $ 104,605,000 | $ 28,319,875 | $ 63,025,000 | $ 24,970,100 |

(a) Represents semi-annual requirement only

Continued

**ORANGE COUNTY CONVENTION CENTER**
**SCHEDULE OF BONDED DEBT AND INTEREST, Continued**
**September 30, 2022**

| BOND YEAR ENDING OCTOBER 1 | TOURIST DEVELOPMENT TAX REFUNDING REVENUE BONDS SERIES 2016A | | TOURIST DEVELOPMENT TAX REFUNDING REVENUE BONDS SERIES 2016B | | TOURIST DEVELOPMENT TAX REFUNDING REVENUE BONDS SERIES 2017 | |
|---|---|---|---|---|---|---|
| | PRINCIPAL | INTEREST | PRINCIPAL | INTEREST | PRINCIPAL | INTEREST |
| 2022 | $ - | $ 1,870,569 (a) | $ - | $ 4,316,150 (a) | $ 1,615,000 | $ 2,589,625 (a) |
| 2023 | - | 3,741,137 | - | 8,632,300 | - | 5,098,500 |
| 2024 | - | 3,741,137 | - | 8,632,300 | - | 5,098,500 |
| 2025 | 2,385,000 | 3,741,137 | 5,430,000 | 8,632,300 | 14,950,000 | 5,098,500 |
| 2026 | 2,510,000 | 3,621,888 | 5,705,000 | 8,360,800 | 15,715,000 | 4,351,000 |
| 2027 | 2,615,000 | 3,496,388 | 5,975,000 | 8,075,550 | 16,515,000 | 3,565,250 |
| 2028 | 2,760,000 | 3,411,400 | 6,295,000 | 7,776,800 | 17,365,000 | 2,739,500 |
| 2029 | 2,895,000 | 3,273,400 | 6,590,000 | 7,462,050 | 18,245,000 | 1,871,250 |
| 2030 | 3,020,000 | 3,128,650 | 6,885,000 | 7,132,550 | 19,180,000 | 959,000 |
| 2031 | 3,875,000 | 2,977,650 | 8,825,000 | 6,788,300 | - | - |
| 2032 | 2,870,000 | 2,783,900 | 6,545,000 | 6,347,050 | - | - |
| 2033 | 15,545,000 | 2,640,400 | 35,440,000 | 6,019,800 | - | - |
| 2034 | 16,165,000 | 2,018,600 | 36,860,000 | 4,602,200 | - | - |
| 2035 | 16,810,000 (b) | 1,372,000 | 38,335,000 (c) | 3,127,800 | - | - |
| 2036 | 17,490,000 (b) | 699,600 | 39,860,000 (c) | 1,594,400 | - | - |
| Totals | $ 88,940,000 | $ 42,517,856 | $ 202,745,000 | $ 97,500,350 | $ 103,585,000 | $ 31,371,125 |

(a) Represents semi-annual requirement only
(b) Mandatory Redemption for $34,300,000 Term Bond Due October 1, 2036
(c) Mandatory Redemption for $78,195,000 Term Bond Due October 1, 2036

Continued

**ORANGE COUNTY CONVENTION CENTER**
**SCHEDULE OF BONDED DEBT AND INTEREST, Continued**
**September 30, 2022**

| BOND YEAR ENDING OCTOBER 1 | ALL TOURIST DEVELOPMENT TAX REVENUE BONDS | | TOTAL DEBT SERVICE |
|---|---|---|---|
| | PRINCIPAL | INTEREST | |
| 2022 | $ 48,545,000 | $ 15,720,344 (a) | $ 64,265,344 |
| 2023 | 50,275,000 | 29,013,437 | 79,288,437 (d) |
| 2024 | 52,730,000 | 26,499,687 | 79,229,687 |
| 2025 | 32,585,000 | 23,863,187 | 56,448,187 |
| 2026 | 34,210,000 | 22,233,938 | 56,443,938 |
| 2027 | 35,915,000 | 20,523,438 | 56,438,438 |
| 2028 | 37,670,000 | 18,773,450 | 56,443,450 |
| 2029 | 39,545,000 | 16,889,950 | 56,434,950 |
| 2030 | 41,520,000 | 14,912,700 | 56,432,700 |
| 2031 | 46,805,000 | 12,836,700 | 59,641,700 |
| 2032 | 48,930,000 | 10,711,550 | 59,641,550 |
| 2033 | 50,985,000 | 8,660,200 | 59,645,200 |
| 2034 | 53,025,000 | 6,620,800 | 59,645,800 |
| 2035 | 55,145,000 (e) | 4,499,800 | 59,644,800 |
| 2036 | 57,350,000 (e) | 2,294,000 | 59,644,000 |
| Totals | $ 685,235,000 | $ 234,053,181 | $ 919,288,181 |

(a) Represents semi-annual requirement only
(d) Maximum annual debt service
(e) Principal reflects mandatory redemption requirements for Series 2016A Term Bond and Series 2016B Term Bond

**ORANGE COUNTY CONVENTION CENTER**
**GENERAL DEBT COVENANTS**
**for the year ended September 30, 2022**
**(Unaudited)**

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, 2022, the Orange County Comptroller collected $214,142,136 of pledged Tourist Development Tax proceeds (first four percent of levy), all of which was deposited into the Tourist Development Trust Fund. In addition, $53,535,537 of Fifth Cent Tax proceeds was collected and deposited into the Pledged Fifth Cent Tax Fund. Total collections of pledged tax proceeds were $267,677,673. 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:

| Date Received | Amount Received | Interest Account | Principal Account | Operating Revenue Account |
|---|---|---|---|---|
| October 4, 2021 | $ 13,732,826 | $ 2,620,057 | $ 4,045,417 | $ 7,067,352 |
| November 2, 2021 | 13,815,238 | 2,620,057 | 4,045,417 | 7,149,764 |
| December 2, 2021 | 17,848,374 | 2,620,057 | 4,045,416 | 11,182,901 |
| January 3, 2022 | 21,007,288 | 2,620,057 | 4,045,417 | 14,341,814 |
| February 2, 2022 | 23,565,929 | 2,620,057 | 4,045,417 | 16,900,455 |
| March 2, 2022 | 18,772,519 | 2,620,057 | 4,045,416 | 12,107,046 |
| April 4, 2022 | 23,696,169 | 2,619,027 | 4,045,417 | 17,031,725 |
| May 2, 2022 | 32,277,096 | 2,620,057 | 4,045,417 | 25,611,622 |
| June 2, 2022 | 29,007,528 | 2,620,057 | 4,045,416 | 22,342,055 |
| July 5, 2022 | 23,753,761 | 2,620,057 | 4,045,417 | 17,088,287 |
| August 2, 2022 | 26,430,257 | 2,620,056 | 4,045,417 | 19,764,784 |
| September 2, 2022 | 23,770,688 | 2,390,260 | 4,045,416 | 17,335,012 |
| | $ 267,677,673 | $ 31,209,856 | $ 48,545,000 | $ 187,922,817 |

Continued

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

At September 30, 2022, the balances of the accounts created by the Bond Indenture, stated at fair value, were as follows:

| Account | Cash and Cash Equivalents | Investments | Accrued Interest | Total |
|---|---|---|---|---|
| Tourist Development Trust | $ 15,646,538 | $ - | $ - | $ 15,646,538 |
| Pledged Fifth Cent Tax | 3,911,633 | - | - | 3,911,633 |
| Operating revenue | (11,513,137) | - | 325,216 | (11,187,921) |
| Bond interest | 15,836,999 | - | - | 15,836,999 |
| Bond principal | 48,545,000 | - | - | 48,545,000 |
| Bond reserve | 1,751,960 | 78,914,178 | - | 80,666,138 |
| Renewal and replacement reserve | 196,951,728 | - | - | 196,951,728 |
| Totals | $ 271,130,721 | $ 78,914,178 | $ 325,216 | $ 350,370,115 |

At September 30, 2021, the balances of the accounts created by the Bond Indenture, stated at fair value, were as follows:

| Account | Cash and Cash Equivalents | Investments | Accrued Interest | Total |
|---|---|---|---|---|
| Tourist Development Trust | $ 10,990,604 | $ - | $ - | $ 10,990,604 |
| Pledged Fifth Cent Tax | 2,747,649 | - | - | 2,747,649 |
| Operating revenue | 1,336,803 | - | 372,872 | 1,709,675 |
| Bond interest | 16,785,269 | - | - | 16,785,269 |
| Bond principal | 42,575,000 | - | - | 42,575,000 |
| Bond reserve | 284,492 | 80,482,059 | - | 80,766,551 |
| Renewal and replacement reserve | 113,426,903 | - | - | 113,426,903 |
| Totals | $ 188,146,720 | $ 80,482,059 | $ 372,872 | $ 269,001,651 |

Continued

4. Budget for Bond Indenture Accounts – 2022/2023 Fiscal Year:

| | |
|---|---|
| Revenues: | |
| Operating revenues | $ 87,716,714 |
| Tourist development tax revenues | 300,000,000 |
| Investment earnings-operating and debt service | 1,150,000 |
| Subtotal | 388,866,714 |
| Less statutory deduction | (19,443,336) |
| Total revenues | 369,423,378 |
| Expenses and other disbursements: | |
| Operation and maintenance | 92,713,420 |
| Bond interest and fees | 29,025,438 |
| Bond principal | 50,275,000 |
| Total expenses and other disbursements | 172,013,858 |
| Excess of budgeted funds available for deposit to renewal and replacement reserve account | $ 197,409,520 |
| Budgeted payments to other agencies and transfers to other funds from renewal and replacement reserve balance | $ 87,780,529 |

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

## 5. Schedule of Insurance in Force:

| Policy | Term/ Carrier | Coverage | Self-Insured Retention/ Deductible | Limits |
|---|---|---|---|---|
| Property | 4/1/22-4/1/23 various | Flood, earthquake | $ 500,000 | $ 50,000,000 |
| | | Named windstorm | 5% of structure value | $ 100,000,000 |
| | | All other wind/hail | $ 500,000 | $ 500,000,000 |
| | | All other risks | $ 500,000 | $ 1,000,000,000 |
| Terrorism | 4/1/22-4/1/23 Lloyd's of London | Sabotage & Terrorism | $ 25,000 | $ 100,000,000 |
| | | Revenue | $ 100,000 | $ 10,000,000 |
| Excess Liability | 4/1/22-4/1/23 Safety National Casualty & Safety Specialty Insurance | General liability, employers' and employee benefits liability, auto liability, employment practices, law enforcement and terrorism | $ 1,000,000 | $ 2,000,000(a)<br>$ 4,000,000(b) |
| | | Sexual harassment, and sexual misconduct | $ 1,000,000 | $ 3,000,000(a)<br>$ 3,000,000(b) |
| | | Excess Liability | $ 2,000,000 | $ 3,000,000(a)<br>$ 6,000,000(b) |
| Legal Malpractice | 5/26/22-5/26/23 National Union Fire Insurance | Errors and omissions | None-Indem Costs<br>$ 25,000 all other | $ 2,000,000 |
| Workers' Compensation | 4/1/19-Indefinite | Florida Workers' Compensation Act & Employers' Liability | All self-insured | Statutory |
| Crime | 4/1/22-4/1/23 Massachusetts Bay Insurance Co. | 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 |
| | | Personal Acct Protection | $ 5,000 | $ 100,000 |
| Boiler and Machinery | 4/1/22-4/1/23 XL Insurance America Inc. | Machinery breakdown | $ 50,000 | $ 100,000,000 |
| Vehicle and Mobile Equipment Floater | 4/1/22-4/1/23 Berkley National Ins Co | Commercial Inland | $ 250,000 | $ 5,000,000 |
| Environmental and Storage Tank Liability | 4/1/21-4/1/24 Illinois Union Insurance Co. (Chubb) | Pollution conditions and operations | $ 250,000 | $ 4,000,000(a)<br>$ 12,000,000(b) |
| Cyber Liability | 4/1/22-4/1/23 Lloyd's of London | Media liability, Info Security & Privacy, Regulatory Defense, Event Mgmt, Business interruption/Digital Asset Loss, PCI-DSS Assessment | $ 1,000,000 | $ 9,000,000 |
| | | Cyber Extortion | 50% coinsurance | $ 4,500,000 |

(a) Per occurrence (b) In aggregate
Note: This schedule is provided to present summarized data for informational purposes regarding the Center's insurance coverage. As such, it should not be construed to represent a complete description of each policy.