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THE BOARD OF COUNTY
COMMISSIONERS AT ITS
MEETING ON

BCC Mtg. Date: March 21, 2017

ORANGE COUNTY CONVENTION CENTER

ORANGE COUNTY, FLORIDA

ANNUAL FINANCIAL REPORT

for the years ended September 30, 2016 and 2015

ORANGE COUNTY CONVENTION CENTER

ANNUAL FINANCIAL REPORT

for the years ended September 30, 2016 and 2015

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Report of Independent Auditor

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

Report on the Financial Statements

We have audited the accompanying basic financial statements of the Orange County Convention Center of Orange County, Florida (the "Center") as of and for the years ended September 30, 2016 and 2015, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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, 2016 and 2015, 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.

Emphasis of Matters

As discussed in Note A to the financial statements, the financial statements referred to above present only the Center and do not purport to, and do not, present fairly the financial position of Orange County, Florida, as of September 30, 2016 and 2015, and the changes in its financial position and its cash flows, where applicable, for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

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

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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or 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
February 15, 2017

ORANGE COUNTY CONVENTION CENTER
STATEMENTS OF NET POSITION
September 30, 2016 and 2015

	2016	2015
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current assets:		
Cash and cash equivalents	$ 130,909,453	$ 123,241,186
Accrued interest receivable	302,745	237,562
Taxes receivable	17,125,207	16,237,997
Accounts receivable	2,620,449	1,378,597
Less allowance for doubtful accounts	(105,617)	(4,838)
Cash and cash equivalents, restricted	55,170,823	46,303,233
Accrued interest receivable, restricted	25,988	17,051
Total current assets	206,049,048	187,410,788
Noncurrent assets:		
Cash and cash equivalents, restricted	7,677,051	9,364,651
Investments, restricted	69,267,300	70,057,100
Due from other governmental agencies	12,500,000	12,500,000
Nondepreciable capital assets	138,715,990	181,215,396
Depreciable capital assets, net	1,018,136,675	975,557,606
Total noncurrent assets	1,246,297,016	1,248,694,753
Total assets	1,452,346,064	1,436,105,541
Deferred outflows of resources:		
Deferred amount on debt refunding	33,081,715	37,060,373
Related to pensions	6,403,653	4,023,723
Total deferred outflows of resources	39,485,368	41,084,096
Total assets and deferred outflows of resources	$ 1,491,831,432	$ 1,477,189,637
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
Current liabilities:		
Accounts payable and accrued liabilities	$ 16,417,870	$ 17,794,853
Due to other governmental agencies	49,919,222	41,689,001
Unearned revenue	9,977,827	7,430,855
Net pension liability	195,336	217,765
Payable from restricted assets:		
Accrued interest payable	14,828,709	14,729,976
Revenue bonds payable	37,580,000	28,635,000
Total current liabilities	128,918,964	110,497,450
Noncurrent liabilities:		
Compensated absences payable	831,375	1,216,077
Revenue bonds payable (net of unamortized costs)	668,486,849	712,263,909
Net pension liability	18,075,413	11,669,156
Total noncurrent liabilities	687,393,637	725,149,142
Total liabilities	816,312,601	835,646,592
Deferred inflows of resources:		
Related to pensions	326,305	3,942,142
Total liabilities and deferred inflows of resources	816,638,906	839,588,734
NET POSITION		
Net investment in capital assets	479,280,850	442,278,364
Restricted for:		
Debt service	110,091,889	102,047,558
Contractual obligations	19,720,564	21,464,501
Unrestricted	66,099,223	71,810,480
Total net position	675,192,526	637,600,903
Total liabilities, deferred inflows of resources and net position	$ 1,491,831,432	$ 1,477,189,637

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, 2016 and 2015

	2016	2015
Operating revenues:		
Event services	$ 34,532,199	$ 35,516,598
Rentals	16,864,185	16,598,519
Vendor commissions	6,671,815	5,037,932
Forfeited deposits	927,554	775,577
Miscellaneous	797,900	1,234,284
Total operating revenues	59,793,653	59,162,910
Operating and maintenance expenses:		
Personal services	29,845,748	30,049,738
Contractual services	8,044,860	7,940,703
Materials and supplies	1,884,897	2,231,453
Utilities	12,994,876	13,738,152
Repairs and maintenance	8,766,249	9,264,016
Other expenses	6,375,640	7,127,742
Pension liability adjustment expense	388,061	(67,135)
Total operating and maintenance expenses	68,300,331	70,284,669
Operating loss before depreciation and amortization	(8,506,678)	(11,121,759)
Depreciation and amortization	39,422,368	35,451,560
Operating loss	(47,929,046)	(46,573,319)
Nonoperating revenues (expenses):		
Tourist development tax	239,528,483	226,178,591
Tax collection expense	(530,119)	(530,119)
Payments to other agencies	(124,232,576)	(111,882,675)
Interest revenue	1,918,072	1,680,408
Interest expense and fiscal charges	(28,224,756)	(32,435,509)
Debt issuance costs	(548,721)	(1,013,411)
Loss on disposal of assets	(10,867)	(17,242)
Total net nonoperating revenues (expenses)	87,899,516	81,980,043
Income before transfers	39,970,470	35,406,724
Transfers out	(2,378,847)	(1,836,767)
Change in net position	37,591,623	33,569,957
Total net position, October 1	637,600,903	604,030,946
Total net position, September 30	$ 675,192,526	$ 637,600,903

See accompanying notes to financial statements.

ORANGE COUNTY CONVENTION CENTER
STATEMENTS OF CASH FLOWS
for the years ended September 30, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Cash received from customers	$ 60,532,384	$ 57,583,361
Cash payments to suppliers for goods and services	(40,719,097)	(36,891,671)
Cash payments to employees for services	(30,732,601)	(29,759,430)
Other operating receipts	797,900	1,234,284
Program loans	-	786,916
Net cash used by operating activities	(10,121,414)	(7,046,540)
Cash flows from noncapital financing activities:		
Tourist development tax received	238,641,273	223,758,436
Payments to other agencies	(115,839,417)	(94,407,504)
Transfers out	(2,378,847)	(1,836,767)
Tax collection fees paid	(530,119)	(530,119)
Net cash provided by noncapital financing activities	119,892,890	126,984,046
Cash flows from capital and related financing activities:		
Proceeds from sale of refunding revenue bond	72,628,990	177,885,918
Payment into escrow for defeased debt	(74,344,823)	(190,525,845)
Acquisition and construction of capital assets	(35,725,440)	(51,648,672)
Principal paid on revenue bonds	(28,635,000)	(35,475,000)
Interest and fees paid on revenue bonds	(31,304,421)	(37,035,550)
Proceeds from disposition of assets	21,886	42,524
Net cash used by capital and related financing activities	(97,358,808)	(136,756,625)
Cash flows from investing activities:		
Purchase of investments	(69,241,683)	(69,991,937)
Proceeds from sale and maturity of investments	69,991,937	72,133,593
Interest on investments	1,685,335	1,619,184
Net cash provided by investing activities	2,435,589	3,760,840
Net increase (decrease) in cash and cash equivalents	14,848,257	(13,058,279)
Cash and cash equivalents, October 1	178,909,070	191,967,349
Cash and cash equivalents, September 30	$ 193,757,327	$ 178,909,070
Classified as:		
Current assets	$ 130,909,453	$ 123,241,186
Current assets, restricted	55,170,823	46,303,233
Noncurrent assets, restricted	7,677,051	9,364,651
Total	$ 193,757,327	$ 178,909,070

See accompanying notes to financial statements.

Continued

ORANGE COUNTY CONVENTION CENTER
STATEMENTS OF CASH FLOWS, Continued
for the years ended September 30, 2016 and 2015

	2016	2015
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	$ (47,929,046)	$ (46,573,319)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation and amortization	39,422,368	35,451,560
Pension expense adjustment	388,061	(67,135)
Allowance for doubtful accounts	100,779	(22,131)
Decrease (increase) in assets:		
Accounts receivable	(1,241,852)	(755,434)
Note receivable	-	786,916
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	(3,408,696)	3,600,110
Unearned revenue	2,546,972	532,893
Total adjustments	37,807,632	39,526,779
Net cash used by operating activities	$ (10,121,414)	$ (7,046,540)

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.

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 liability adjustment expense, depreciation, amortization, and gains/losses on the disposal of assets are not budgeted, capitalized net interest costs on funds borrowed to finance the construction of capital assets are budgeted as interest income and interest expense, capital outlays are budgeted as expense, and debt proceeds and principal payments are respectively budgeted as revenue and expense. Beginning net 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.

Continued

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

The annual budget is subject to amendment during the year. The County Administrator is authorized to approve transfers of appropriations between individual expense accounts. The Board, by motion, may approve transfers of appropriations between a reserve account and an expense account. The Board, by resolution recorded in the minutes, may add to the overall appropriations of the Center due to a financing source unanticipated when the original budget was adopted or due to increased revenues above the level contemplated in the original budget. Amendments to overall appropriations for any other reasons also require a public hearing prior to adoption. During the 2016 fiscal year, the budget was increased by $112 million, due to the issuance of bonds in July. During the 2015 fiscal year, the budget was increased by $214 million, due to the issuance of bonds in May and an increase for Tourist Development Tax revenues.

<u>Cash and Cash Equivalents and Investments</u>:

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

<u>Accounts Receivable and Revenue Recognition</u>:

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

<u>Restricted Assets</u>:

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.

Continued

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

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.

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 as deferred outflows of resources and deferred inflows of resources.

Continued

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Accounts Payable and Accrued Liabilities:

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

	2016	2015
Due to vendors and other agencies	$ 13,926,503	$ 14,799,654
Salaries and benefits payable	2,491,367	2,995,199
	$ 16,417,870	$ 17,794,853

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, 2016 and 2015, the Center had no outstanding arbitrage liability.

Compensated Absences:

The Center accrues a liability, with a corresponding charge to current operations, for employees' rights to receive compensation for future absences to be subsequently taken or paid at point of employment termination in accordance with Governmental Accounting Standards Board (GASB) Statement No. 16. The liability for compensated absences was $2,613,185 and $2,881,687 at September 30, 2016 and 2015, respectively. Of these amounts, $1,781,810 and $1,665,610, respectively, is expected to be paid out within one year and thus is included in current liabilities; the remainder is reported as noncurrent. The current portion is based on the average annual amount of leave paid over the preceding three years.

Continued

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Operating and Nonoperating Revenues:

The Center reports as operating revenues all charges for services generated through rental of the facility, including hall and room rentals, fees for support services associated with events, and commissions from vendors. Other revenues, including tourist development taxes and interest revenue, are classified as nonoperating.

Capitalization of Interest:

In accordance with GASB Statement No. 62, the Center capitalizes net interest costs on funds used to finance the construction of capital assets. The amount of net interest cost capitalized was $2,139,757 and $2,647,226 for the fiscal years ended September 30, 2016 and 2015, respectively.

The total interest cost for the Center was $30,358,187 and $35,060,040 for the fiscal years ended September 30, 2016 and 2015, respectively.

Pension Expense:

The Center expenses required pension contributions as a component of personal services expense. Additionally, in accordance with GASB Statement No. 68, the Center expenses its proportionate share of the actuarially determined changes in the net pension liability as pension liability adjustment expense.

Bond Amortization Costs:

Bond premium and discount 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 discount and the deferred amount on refunding which are not capitalized are recorded as components of interest expense. Amortization of these bond costs for the fiscal years ended September 30, 2016 and 2015 was as follows:

	2016	2015
Net amortization of bond premium	$ (5,552,745)	$ (4,415,360)
Amortization of deferred amounts on refundings	4,273,744	4,863,041

Continued

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

New Accounting Pronouncements:

Effective October 1, 2015, the Center adopted the provisions of GASB Statement No. 72, *Fair Value Measurement and Application* and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants.* The effect of adopting these standards is to provide enhanced disclosures regarding investment valuation.

B. DEPOSIT AND INVESTMENT RISK

As of September 30, 2016 and 2015, 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	2016	2015	Credit Rating
Demand and time deposits	$ 1,369,858	$ 1,859,984	NA
Money market mutual funds	52,900,207	43,862,037	AAAm/Aaa-mf
U.S. Treasury Bills	69,267,300	70,057,100	A-1+/P-1
County investment pool:			
Florida PRIME	14,692,069	-	AAAm
U.S. Treasury Bills	1,010,257	7,078,020	A-1+/P-1
U.S. Treasury Notes	107,461,528	103,302,042	A-1+/P-1
Federal instrumentalities:			
Discount notes	6,096,611	13,692,330	A-1+/P-1
Notes and bonds	5,536,762	-	AA+/Aaa
Money market mutual funds	4,690,035	9,114,657	AAAm/Aaa-mf
Total	$ 263,024,627	$ 248,966,170	

The Center's fair value measurement for U.S. Treasury Bills, U.S. Treasury Notes and Federal Instrumentalities observable inputs other than quoted prices in active markets (Level 2 inputs). 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, 2016, the Center's portion of the Board investment pool portfolio was invested in three authorized Instrumentalities, each of which represented three percent or less 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, 2016 and 2015, 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, 2016 and 2015, 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 18.0 months and 19.4 months at September 30, 2016 and 2015, respectively. The portfolio did not contain any callable securities at September 30, 2016 and 2015. The Money Markets have a weighted average maturity of not more than 60 days.

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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, 2016 and September 30, 2015.

	Cash and Cash Equivalents	Investments	Accrued Interest Receivable	Totals
September 30, 2016:				
Bond interest	$ 14,844,742	$ -	$ 25,988	$ 14,870,730
Bond principal	37,580,000	-	-	37,580,000
Bond reserve	456,487	69,267,300	-	69,723,787
Bond issuance costs	18,978	-	-	18,978
Sixth cent TDT	2,727,103	-	-	2,727,103
Hotel surcharge	7,220,564	-	-	7,220,564
Total restricted assets	62,847,874	69,267,300	25,988	132,141,162
Less: current portion	55,170,823	-	25,988	55,196,811
Restricted assets, noncurrent portion	$ 7,677,051	$ 69,267,300	$ -	$ 76,944,351
September 30, 2015:				
Bond interest	$ 14,731,042	$ -	$ 17,051	$ 14,748,093
Bond principal	28,635,000	-	-	28,635,000
Bond reserve	400,150	70,057,100	-	70,457,250
Bond issuance costs	95,845	-	-	95,845
Sixth cent TDT	2,841,346	-	-	2,841,346
Hotel surcharge	8,964,501	-	-	8,964,501
Total restricted assets	55,667,884	70,057,100	17,051	125,742,035
Less: current portion	46,303,233	-	17,051	46,320,284
Restricted assets, noncurrent portion	$ 9,364,651	$ 70,057,100	$ -	$ 79,421,751

Continued

D. CAPITAL ASSETS

Capital asset activity for the years ended September 30, 2016 and 2015 was as follows:

	Balance 10/1/2015	Additions	Reductions	Balance 9/30/2016
Capital assets, not being depreciated:				
Land	$ 111,601,451	$ -	$ -	$ 111,601,451
Construction in progress	69,613,945	36,468,655	(78,968,061)	27,114,539
Total capital assets, not being depreciated	181,215,396	36,468,655	(78,968,061)	138,715,990
Capital assets, being depreciated/amortized:				
Buildings	1,383,566,246	78,548,769	-	1,462,115,015
Improvements other than buildings	56,188,788	650,956	-	56,839,744
Machinery and equipment	41,967,607	2,806,095	(1,508,126)	43,265,576
Intangible	8,094,291	-	-	8,094,291
Total capital assets, being depreciated/amortized	1,489,816,932	82,005,820	(1,508,126)	1,570,314,626
Less accumulated depreciation/amortization for:				
Buildings	(466,678,865)	(34,047,977)	-	(500,726,842)
Improvements other than buildings	(16,864,981)	(1,850,941)	-	(18,715,922)
Machinery and equipment	(27,131,052)	(3,190,104)	1,503,743	(28,817,413)
Intangible	(3,584,428)	(333,346)	-	(3,917,774)
Total accumulated depreciation/amortization	(514,259,326)	(39,422,368)	1,503,743	(552,177,951)
Total capital assets, being depreciated/amortized, net	975,557,606	42,583,452	(4,383)	1,018,136,675
Total Center capital assets, net	$ 1,156,773,002	$ 79,052,107	$ (78,972,444)	$ 1,156,852,665

	Balance 10/1/2014	Additions	Reductions	Balance 9/30/2015
Capital assets, not being depreciated:				
Land	$ 111,601,451	$ -	$ -	$ 111,601,451
Construction in progress	41,549,359	41,470,149	(13,405,563)	69,613,945
Total capital assets, not being depreciated	153,150,810	41,470,149	(13,405,563)	181,215,396
Capital assets, being depreciated/amortized:				
Buildings	1,372,367,326	11,198,920	-	1,383,566,246
Improvements other than buildings	53,908,042	2,280,746	-	56,188,788
Machinery and equipment	37,532,378	5,185,983	(750,754)	41,967,607
Intangible	8,094,291	-	-	8,094,291
Total capital assets, being depreciated/amortized	1,471,902,037	18,665,649	(750,754)	1,489,816,932
Less accumulated depreciation/amortization for:				
Buildings	(436,128,877)	(30,549,988)	-	(466,678,865)
Improvements other than buildings	(15,222,603)	(1,642,378)	-	(16,864,981)
Machinery and equipment	(24,955,958)	(2,925,848)	750,754	(27,131,052)
Intangible	(3,251,082)	(333,346)	-	(3,584,428)
Total accumulated depreciation	(479,558,520)	(35,451,560)	750,754	(514,259,326)
Total capital assets, being depreciated, net	992,343,517	(16,785,911)	-	975,557,606
Total Center capital assets, net	$ 1,145,494,327	$ 24,684,238	$ (13,405,563)	$ 1,156,773,002

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, 2016 and 2015 is as follows:

	Balance 10/1/2015	Additions	Reductions	Balance 9/30/2016
Compensated absences payable	$ 2,881,687	$ 1,732,264	$ (2,000,766)	$ 2,613,185
Revenue bonds payable	701,740,000	63,025,000	(101,270,000)	663,495,000
Less unamortized costs:				
Bond premium/discount, net	39,158,909	9,603,990	(6,191,050)	42,571,849
Total revenue bonds payable, net of unamortized costs	740,898,909	72,628,990	(107,461,050)	706,066,849
Net pension liability	11,886,921	6,383,828	-	18,270,749
Center long-term liabilities, including current portion	$ 755,667,517	$ 80,745,082	$ (109,461,816)	$ 726,950,783

	Balance 10/1/2014	Additions	Reductions	Balance 9/30/2015
Compensated absences payable	$ 2,730,806	$ 1,917,498	$ (1,766,617)	$ 2,881,687
Revenue bonds payable	768,970,000	154,195,000	(221,425,000)	701,740,000
Less unamortized costs:				
Bond premium/discount, net	23,827,445	23,690,920	(8,359,456)	39,158,909
Total revenue bonds payable, net of unamortized costs	792,797,445	177,885,920	(229,784,456)	740,898,909
Net pension liability	7,878,870	4,008,051	-	11,886,921
Center long-term liabilities, including current portion	$ 803,407,121	$ 183,811,469	$ (231,551,073)	$ 755,667,517

F. REVENUE BONDS PAYABLE

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

Continued

F. REVENUE BONDS PAYABLE, Continued

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

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

Term Bonds Due October 1, 2024:

Year	Principal Amount
2023	$ 2,290,000
2024 (final maturity)	2,395,000

Term Bonds Due October 1, 2030:

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

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.

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

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

Continued

F. REVENUE BONDS PAYABLE, Continued

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

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

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

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

On September 28, 2010, the Board issued $144,395,000 of Tourist Development Tax Refunding Revenue Bonds, Series 2010, to refund on a current basis all of the $115,590,000 of outstanding Tourist Development Tax Refunding Revenue Bonds, Series 1998A maturing or subject to mandatory call on October 1, 2019-2024, and all of the $46,775,000 of outstanding Tourist Development Tax Revenue Bonds, Series 1998B maturing October 1, 2019-2024, and to pay expenses of issuance of the Series 2010 Bonds.

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

On July 16, 2013, the Board issued a $16,015,000 Tourist Development Tax Refunding Revenue Bond, Series 2013, to refund on a current basis all of the $16,280,000 of outstanding Tourist Development Tax Refunding Revenue Bonds, Series 2003A maturing on and after October 1, 2013, and to pay expenses of issuance of the Series 2013 Bond.

The Series 2013 Bond is not subject to optional redemption prior to maturity.

Continued

F. REVENUE BONDS PAYABLE, Continued

The Series 2013 Bond is subject to mandatory sinking fund redemption on the dates and in the following principal amounts stated in the years specified:

Year	Principal Amount
2016	$ 3,110,000
2017	3,165,000
2018	3,210,000
2019 (final maturity)	3,260,000

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. As of the closing date, the refunding transaction resulted in a cash flow savings of $22,926,707 over the life of the refunded maturities and a net present value debt service savings of $17,391,145, discounted at 2.328%. The refunded Series 2006 Bonds were called on 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.

Continued

F. REVENUE BONDS PAYABLE, Continued

The following is a summary of revenue bonds payable as of September 30, 2016 and 2015:

	September 30	
	2016	2015
$73,435,000 Tourist Development Tax Refunding Revenue Bonds, Series 2006:		
Serial bonds, due October 1, from 2015 to 2022 and 2031 to 2032 with interest due semi-annually on April 1 and October 1, at 4.00% to 5.00%	$ -	$ 67,225,000
Term bond, due October 1, 2024, with interest due semi-annually on April 1 and October 1, at 4.50%	-	4,685,000
Term bond, due October 1, 2030, with interest due semi-annually on April 1 and October 1, at 4.625%	-	830,000
Series 2006 Bonds payable	-	72,740,000
Unamortized bond premium	-	226,852
Deferred amount on refunding	-	(2,888,733)
Series 2006 Bonds payable net of unamortized costs	-	70,078,119
$139,635,000 Tourist Development Tax Refunding Revenue Bonds, Series 2007:		
Serial bonds, due October 1, from 2015 to 2030 with interest due semi-annually on April 1 and October 1, at 4.00% to 4.75%	133,700,000	135,385,000
Unamortized bond premium	1,170,705	1,259,566
Deferred amount on refunding	(6,786,902)	(7,240,885)
Series 2007 Bonds payable net of unamortized costs	128,083,803	129,403,681

Continued

F. REVENUE BONDS PAYABLE, Continued

	September 30	
	2016	2015
$167,800,000 Tourist Development Tax Refunding Revenue Bonds, Series 2007A:		
Serial bonds, due October 1, from 2015 to 2021 with interest due semi-annually on April 1 and October 1, at 5.00%	$ 126,970,000	$ 135,260,000
Unamortized bond premium	1,791,338	2,483,994
Deferred amount on refunding	(5,366,896)	(6,937,365)
Series 2007A Bonds payable net of unamortized costs	123,394,442	130,806,629
$83,405,000 Tourist Development Tax Refunding Revenue Bonds, Series 2009:		
Serial bonds, due October 1, from 2015 to 2018 with interest due semi-annually on April 1 and October 1, at 4.00% to 5.00%	28,465,000	43,950,000
Unamortized bond premium	295,991	782,411
Deferred amount on refunding	(190,681)	(509,873)
Series 2009 Bonds payable net of unamortized costs	28,570,310	44,222,538
$144,395,000 Tourist Development Tax Refunding Revenue Bonds, Series 2010:		
Serial bonds, due October 1, from 2019 to 2024 with interest due semi-annually on April 1 and October 1, at 5.00%	144,395,000	144,395,000
Unamortized bond premium	9,874,180	11,418,645
Deferred amount on refunding	(10,435,366)	(11,677,283)
Series 2010 Bonds payable net of unamortized costs	143,833,814	144,136,362

Continued

F. REVENUE BONDS PAYABLE, Continued

	September 30 2016	September 30 2015
$16,015,000 Tourist Development Tax Refunding Revenue Bond, Series 2013:		
Term bond, due October 1, 2019 with interest due semi-annually on April 1 and October 1, at 1.537%	$ 12,745,000	$ 15,815,000
Deferred amount on refunding	(274,947)	(573,396)
Series 2013 Bond payable net of unamortized costs	12,470,053	15,241,604
$154,195,000 Tourist Development Tax Refunding Revenue Bonds, Series 2015:		
Serial bonds, due October 1, from 2016 to 2031 with interest due semi-annually on April 1 and October 1, at 2.00% to 5.00%	154,195,000	154,195,000
Unamortized bond premium	19,972,534	22,987,441
Deferred amount on refunding	(6,640,855)	(7,232,838)
Series 2015 Bonds payable net of unamortized costs	167,526,679	169,949,603
$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	-
Unamortized bond premium	9,467,101	-
Deferred amount on refunding	(3,386,068)	-
Series 2016 bonds payable net of unamortized costs	69,106,033	-
Total revenue bonds payable net of unamortized costs	$ 672,985,134	$ 703,838,536

Continued

F. REVENUE BONDS PAYABLE, Continued

	September 30	
	2016	2015
Classified as:		
Amounts displayed as liabilities:		
Revenue bonds payable, current portion (payable from restricted assets)	$ 37,580,000	$ 28,635,000
Revenue bonds payable, noncurrent portion	668,486,849	712,263,909
Amounts displayed as deferred outflows:		
Deferred amount on refundings	(33,081,715)	(37,060,373)
Total	$ 672,985,134	$ 703,838,536

The total principal and interest remaining to be paid on all outstanding series of bonds was $914,562,450 and $998,106,457 as of September 30, 2016 and 2015, respectively. Principal and interest paid or defeased was $132,905,441 and $251,157,754, and total pledged revenue was $196,983,397 and $186,145,916, respectively, for the fiscal years ended September 30, 2016 and 2015.

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

<u>Tourist Development Tax Revenues (first four cents of levy)</u>:

<u>Operating Revenue Account</u> - 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.

<u>Principal and Interest Accounts</u> - 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.

Continued

F. REVENUE BONDS PAYABLE, Continued

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 $68,695,269.

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.

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.

Continued

F. REVENUE BONDS PAYABLE, Continued

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.

Future principal and interest payments (in thousands) required on the Series 2007, Series 2007A, Series 2009, Series 2010, Series 2013, Series 2015, and Series 2016 Bonds are as follows as of September 30, 2016:

Bond Year Ending October 1	Principal	Interest	Total
2016	$ 37,580	$ 14,829	$ 52,409
2017	39,020	29,671	68,691
2018	40,785	27,910	68,695
2019	42,630	26,063	68,693
2020	44,630	24,064	68,694
2021-2025	226,910	84,971	311,881
2026-2030	158,320	38,908	197,228
2031-3032	73,620	4,651	78,271
Totals	$ 663,495	$ 251,067	$ 914,562

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Continued

F. REVENUE BONDS PAYABLE, Continued

The amount of defeased debt still outstanding, and not reported on the balance sheets, is as follows as of September 30, 2016 and 2015:

	Original Defeased Amount	September 30 2016	September 30 2015
Tourist Development Tax Revenue Bonds, Series 1990	$ 54,975,000	$ 4,210,000	$ 5,640,000
Tourist Development Tax Refunding Revenue Bonds, Series 2005	185,950,000	-	185,950,000
Tourist Development Tax Refunding Revenue Bonds, Series 2006	72,635,000	72,635,000	-
Totals	$ 313,560,000	$ 76,845,000	$ 191,590,000

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.

Continued

G. RETIREMENT SYSTEMS, Continued

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 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 by job class for the periods from October 1, 2015 through June 30, 2016 and from July 1, 2016 through September 30, 2016, respectively, were as follows: Regular--7.26% and 7.52%; Special Risk Administrative Support--32.95% and 28.06%; Special Risk--22.04% and 22.57%; Senior Management Service--21.43% and 21.77%; Elected Officers'--42.27% and 42.47%; and DROP participants--12.88% and 12.99%. These employer contribution rates include 1.66% HIS Plan subsidy for the period October 1, 2015 through September 30, 2016.

The Center's contributions to the Pension Plan totaled $1,187,500 and $1,143,784 for the fiscal years ended September 30, 2016 and 2015, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – The Center reported a liability of $11,495,225 and $5,953,742 for its proportionate share of the Board's Pension Plan's net pension liability as of September 30, 2016 and 2015, 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, 2016, the Center's share was 3.20%, which was a decrease of 0.21% percent from its proportionate share of 3.41% measured as of September 30, 2015.

Continued

G. RETIREMENT SYSTEMS, Continued

For the fiscal years ended September 30, 2016 and 2015, the Center recognized pension expense of $1,664,455 and $363,412, 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 9/30/16	Deferred Outflows of Resources 9/30/15	Deferred Inflows of Resources 9/30/16	Deferred Inflows of Resources 9/30/15
Differences between expected and actual experience	$ 880,163	$ 628,539	$ 107,028	$ 141,205
Change of assumptions	695,427	395,170	-	-
Net difference between projected and actual earnings on Pension Plan investments	2,971,375	2,097,073	-	3,518,727
Changes in proportion and differences between Center Pension Plan contributions and proportionate share of contributions	269,735	-	203,845	282,210
Center Pension Plan contributions subsequent to the measurement date	335,894	275,577	-	-
Total	$ 5,152,594	$ 3,396,359	$ 310,873	$ 3,942,142

The deferred outflows of resources related to the Pension Plan resulting from Center contributions to the Plan subsequent to the measurement date, totaling $335,894, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2017. 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:

September 30:	Amount
2017	$ 600,544
2018	600,544
2019	1,758,971
2020	1,241,219
2021	227,351
Thereafter	77,198

Continued

G. RETIREMENT SYSTEMS, Continued

Actuarial Assumptions – The total pension liability in the July 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary increases	3.25%, average, including inflation
Investment rate of return	7.60%, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead is 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 is 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 of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	3.0%	3.0%	1.7%
Fixed income	18.0%	4.7%	4.6%	4.6%
Global equity	53.0%	8.1%	6.8%	17.2%
Real estate (property)	10.0%	6.4%	5.8%	12.0%
Private equity	6.0%	11.5%	7.8%	30.0%
Strategic investments	12.0%	6.1%	5.6%	11.1%
Total	100.0%			
Assumed Inflation - Mean		2.6%		1.9%

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

Continued

G. RETIREMENT SYSTEMS, Continued

Discount Rate - The discount rate used to measure the total pension liability was 7.60% and 7.65% for the July 1, 2016 and 2015 actuarial valuation, 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 liability calculated using the discount rate of 7.60% and 7.65%, 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:

	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)
Center's proportionate share of the net pension liability at September 30, 2016	$ 21,163,487	$ 11,495,225	$ 3,447,673

	1% Decrease (6.65%)	Discount Rate (7.65%)	1% Increase (8.65%)
Center's proportionate share of the net pension liability (asset) at September 30, 2015	$ 15,427,492	$ 5,953,742	$ (1,929,974)

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 Comprehensive Annual Financial Report.

Payables to the Pension Plan - At September 30, 2016 and 2015, the Center reported de minimis amounts payable for outstanding contributions to the Pension Plan.

Continued

G. RETIREMENT SYSTEMS, Continued

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, 2016, 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.

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 year ended September 30, 2016, 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 $309,413 and $241,196 for the fiscal years ended September 30, 2016 and 2015, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – The Center reported a liability of $6,775,524 and $5,933,179 for its proportionate share of the Board's HIS Plan's net pension liability as of September 30, 2016 and 2015, 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, 2016, the Center's proportionate share was 5.20%, which was a decrease of 0.04% from its proportionate share of 5.24% measured as of September 30, 2015.

Continued

G. RETIREMENT SYSTEMS, Continued

For the fiscal years ended September 30, 2016 and 2015, the Center recognized pension expense of $572,569 and $448,836, 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 9/30/16	Deferred Outflows of Resources 9/30/15	Deferred Inflows of Resources 9/30/16	Deferred Inflows of Resources 9/30/15
Differences between expected and actual experience	$ -	$ -	$ 15,432	$ -
Change of assumptions	1,063,252	466,786	-	-
Net difference between projected and actual earnings on HIS Plan investments	3,426	3,212	-	-
Changes in proportion and differences between Center HIS Plan contributions and proportionate share of contributions	104,447	88,333	-	-
Center HIS Plan contributions subsequent to the measurement date	79,934	69,033	-	-
Total	$ 1,251,059	$ 627,364	$ 15,432	$ -

The deferred outflows of resources related to the HIS Plan resulting from Center contributions to the HIS Plan subsequent to the measurement date, totaling $79,934, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2017. Other amounts reported as deferred outflows of resources related to the HIS Plan will be recognized in pension expense as follows:

September 30:	Amount
2017	$ 209,282
2018	209,282
2019	208,630
2020	208,317
2021	174,892
Thereafter	145,290

Continued

G. RETIREMENT SYSTEMS, Continued

Actuarial Assumptions – The total pension liability in the July 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary increases	3.25%, average, including inflation
Municipal bond rate	2.85%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

Discount Rate - The discount rate used to measure the total pension liability was 2.85% and 3.80% for the July 1, 2016 and 2015 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 HIS Plan sponsor. 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 2.85% and 3.80%, 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:

	1% Decrease (1.85%)	Current Discount Rate (2.85%)	1% Increase (3.85%)
Center's proportionate share of the net pension liability at September 30, 2016	$ 7,773,065	$ 6,775,524	$ 5,947,619

	1% Decrease (2.80%)	Discount Rate (3.80%)	1% Increase (4.80%)
Center's proportionate share of the net pension liability at September 30, 2015	$ 6,760,582	$ 5,993,179	$ 5,243,250

Continued

G. RETIREMENT SYSTEMS, Continued

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 Comprehensive Annual Financial Report.

Payables to the HIS Plan - At September 30, 2016 and 2015, 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 Comprehensive Annual 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 periods from October 1, 2015 through June 30, 2016 and July 1, 2016 through September 30, 2016 were 0.04% and 0.06% of payroll, respectively. Allocations to the investment member's accounts during the 2015-16 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class--6.30%, Special Risk Administrative Support class--7.95%, Special Risk class--14.00%, Senior Management Service class--7.67% and County Elected Officers class--11.34%.

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

Continued

G. RETIREMENT SYSTEMS, Continued

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, 2016, 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 $204,329 and $205,486 for the fiscal years ended September 30, 2016 and 2015, respectively.

H. OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

In addition to the pension benefits described in Note G, the Center offers an OPEB Plan that subsidizes the cost of health care for its retirees and eligible dependents. The OPEB Plan is reported in accordance with GASB Statement No's. 43 and 45. Employees of the Center with at least 10 years of combined service under the Center and/or any other Board department or any of five county officers (County Comptroller, Property Appraiser, Sheriff, Supervisor of Elections, Tax Collector) who retire and immediately begin receiving benefits from the Florida Retirement System (FRS) are eligible to receive a monthly benefit of three dollars per year of service up to a maximum of $90 per month. If combined service is at least 20 years and receipt of FRS benefits is deferred to a later date, the monthly benefit may be vested for commencement at such deferral date. Additionally, employees of the Center who retire and immediately begin receiving benefits from the FRS have the option of continuing in the Board's health insurance plan at the same group rate as for active employees.

The Board has established the Orange County Retiree Health Care Benefit Trust (Trust) for the Board and the five county officers noted above and engages an actuarial firm to determine each participant's actuarially determined annual OPEB Cost (AOC) and unfunded obligation. Through its ownership of the Center, the Board's total AOC payment to the Trust includes an allocated contribution from the Center. For Fiscal Year 2016, the Center's AOC payment was $178,009, representing 0.96% of the Center's covered payroll amount of $18,463,092. For Fiscal Year 2015, the Center's AOC payment was $219,682, representing 1.20% of the Center's covered payroll amount of $18,346,086. A full presentation of the Trust and OPEB Plan assets, liabilities, funding status, and actuarial methods and assumptions is included in the Orange County, Florida Comprehensive Annual Financial Report.

Continued

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 2016 and 2015 at an annual cost of $3,005,892 and $3,297,910, respectively. There have been no claim settlements in excess of insurance coverage during the three fiscal years ended September 30, 2016.

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. The plan covers claims up to $800,000 per individual per year. The Board has purchased an insurance policy to cover claims in excess of this amount, up to an additional $2 million per individual per year. 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

Continued

J. TOURIST DEVELOPMENT TAX REVENUE, Continued

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.

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, 2016 and 2015, the balance of unspent hotel surcharge revenue was $7,220,564 and $8,964,501, respectively.

L. PAYMENTS TO OTHER AGENCIES

The Board has committed to contribute $8,050,000 per year plus one-half of one cent of the Tourist Development Tax levy to the Orlando/Orange County Convention and Visitors Bureau, Inc., doing business as Visit Orlando (Visit Orlando), a not-for-profit corporation that is dedicated to promotion of local community tourist activities and facilities. Also, the Board has committed to pay Visit Orlando a portion of the sixth cent Tourist Development Tax from inception of its levy. On October 22, 2013, the Board committed an additional $5.5 million per year to Visit Orlando for five fiscal years, beginning in Fiscal Year 2014.

For the 2016 and 2015 fiscal years, the total contributions to Visit Orlando were $50,619,348 and $48,367,192, respectively. In addition, the Board contributed $417,964 and $474,609 in Fiscal Years 2016 and 2015, respectively, to other agencies for purposes of promoting tourism in Orange County in connection with various events.

On August 6, 2007, an Interlocal Agreement between the Board, the City of Orlando (City), and the City of Orlando Community Redevelopment Agency received final approval. The primary purpose of the Agreement is to contribute certain Tourist Development Tax proceeds to the City for a portion of the financing needed for renovation of the Florida Citrus Bowl Stadium and construction of a new Performing Arts Center and new Events Center. Based on specified criteria, a calculated portion of the first four cents levy of Tourist Development Taxes will be paid once each fiscal year to the City for the Citrus Bowl and Performing Arts Center projects from prior year actual tax proceeds, and a portion of sixth cent tax revenues will be paid on a monthly basis to the City for the Events Center project, designated to replace the Amway Arena. These payments are scheduled to be made for the earlier of 30 years or until associated debt of up to $540 million issued by the City is defeased or redeemed in full.

Continued

L. PAYMENTS TO OTHER AGENCIES, Continued

For Fiscal Years 2016 and 2015, the monthly sixth cent tax revenue payments to the City totaled $22,758,770 and $21,645,481 respectively, and the annual payments totaled $46,672,043 and $38,545,845, respectively. The Fiscal Year 2016 annual payment is due to the City in January 2017 and is reflected as a current liability in the financial statements.

On July 16, 2012, the Second Amendment to the Agreement was approved requiring the County to set aside $12,500,000 in a reserve account to replenish draws made from City reserves, as necessary, to support the renovations to the Citrus Bowl. This amount is shown in the financial statements of the Center as due from other governmental agencies.

On October 22, 2013, the Third Amendment to the Agreement was approved requiring additional contributions of certain Tourist Development Tax proceeds to the City for financing of the Performing Arts Center and the Citrus Bowl, and for financing a portion of a Major League Soccer Stadium. The additional amount to be financed due to this amendment is anticipated to be $57 million. Of that, $20 million was committed to the Soccer Stadium. On May 29, 2015, the Orlando City Soccer Club announced that it has decided to privately fund the entire cost of the Soccer Stadium. This commitment was thus placed on hold.

In 2002, the County created the Arts & Cultural Tourism Fund, a special revenue fund for the purpose of supporting tourism-related arts and cultural events and facilities. The specified revenue for this fund was transferred annually from a three percent portion of the first four cents of the Tourist Development Tax receipts. Beginning in Fiscal Year 2011, the County combined the Arts and Cultural Tourism Fund with the Convention Center Fund. For the 2016 and 2015 fiscal years, the total contributions to arts and cultural agencies were $3,764,451 and $2,849,548, respectively.

M. COMMITMENTS AND CONTINGENCIES

Outstanding commitments under operating and construction contracts for the Center total approximately $42.2 million and $9.4 million at September 30, 2016 and 2015, 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.

N. TRANSFERS OUT

Beginning in Fiscal Year 2006, the Board authorized annual transfers to the General Fund for reimbursing the operation and maintenance expenses of the Orange County Regional History Center, up to an annual maximum funding amount initially set at $2,500,000, and subject to annual approval by the Board. Transfers of $2,378,847 and $1,836,767, respectively, were made in Fiscal Years 2016 and 2015 for this purpose.

Continued

O. SUBSEQUENT EVENTS

On November 1, 2016, the County, the City and the City of Orlando Community Redevelopment Agency amended the Interlocal Agreement described in Note L, whereby the County agreed to provide an additional $45 million in funding to complete the Stage II project at the Performing Arts Center, and repeals the $20 million financing commitment toward a Major League Soccer Stadium.

On December 21, 2016, the County issued $88,940,000 Tourist Development Tax Revenue Bonds, Series 2016A and $202,745,000 Tourist Development Tax Refunding Revenue Bonds, Series 2016B. The proceeds of the 2016A Bonds, together with other cash on hand will be used to pay $115.5 million of the cost to complete the Stage II project of the Performing Arts Center and to fund increases to the debt service reserve account. The proceeds of the 2016B Bonds, together with other cash on hand, will be used to advance refund the City of Orlando Contract Tourist Development Tax Payments Revenue Bonds, Series 2014A. The combination of these bond issues completes the County's obligation for annual payments from the first four cents of Tourist Development Tax Proceeds to the City.

The advance refunding of the City of Orlando Contract Tourist Development Tax Payments Revenue Bonds, Series 2014A, released the Center's liability of the $46.7 million payment due to the City of Orlando, as described in Note L. The amount paid for the refunding was approximately $218.8 million. Together with the $115.5 million payment noted above, reduced by the $46.7 million released liability, the transaction will result in the recognition of a special charge of approximately $287.6 million to the Center in Fiscal Year 2017.

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, 2016

	Budget	Actual
Operating revenues:		
Event services	$ 32,767,013	$ 34,532,199
Rentals	16,365,190	16,864,185
Vendor commissions	5,294,543	6,671,815
Forfeited deposits	706,500	927,554
Miscellaneous	966,000	797,900
Total operating revenues	56,099,246	59,793,653
Operating and maintenance expenses:		
Personal services	31,206,459	29,845,748
Contractual services	8,111,313	8,044,860
Materials and supplies	1,904,643	1,884,897
Utilities	18,134,092	12,994,876
Repairs and maintenance	9,465,764	8,766,249
Other expenses	7,124,447	6,375,640
Total operating and maintenance expenses	75,946,718	67,912,270
Operating loss, budgetary basis*	(19,847,472)	(8,118,617)
Nonoperating revenues (expenses):		
Tourist development tax	230,700,000	239,528,483
Tax collection expense	(530,119)	(530,119)
Payments to other agencies	(127,505,402)	(124,232,576)
Interest revenue	1,014,154	1,918,072
Interest expense and fiscal charges	(32,134,397)	(31,643,513)
Debt issuance costs	(562,669)	(548,721)
Total net nonoperating revenues (expenses)	70,981,567	84,491,626
Income before transfers out, budgetary basis*	51,134,095	76,373,009
Transfers out	(2,900,000)	(2,378,847)
Change in net position, budgetary basis*	$ 48,234,095	$ 73,994,162

*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, 2016

BOND YEAR ENDING OCTOBER 1	TOURIST DEVELOPMENT TAX REFUNDING REVENUE BONDS SERIES 2007			TOURIST DEVELOPMENT TAX REFUNDING REVENUE BONDS SERIES 2007A			TOURIST DEVELOPMENT TAX REFUNDING REVENUE BONDS SERIES 2009			TOURIST DEVELOPMENT TAX REFUNDING REVENUE BONDS SERIES 2010		
	PRINCIPAL	INTEREST		PRINCIPAL	INTEREST		PRINCIPAL	INTEREST		PRINCIPAL	INTEREST	
2016	$ 1,750,000	$ 3,055,572	(a)	$ 6,010,000	$ 3,174,250	(a)	$ 16,260,000	$ 680,375	(a)	$ -	$ 3,609,875	(a)
2017	1,825,000	6,041,144		21,890,000	6,048,000		5,955,000	547,750		-	7,219,750	
2018	1,900,000	5,968,144		22,990,000	4,953,500		6,250,000	250,000		-	7,219,750	
2019	1,980,000	5,892,144		24,130,000	3,804,000		-	-		4,580,000	7,219,750	
2020	2,060,000	5,812,944		25,345,000	2,597,500		-	-		8,525,000	6,990,750	
2021	2,140,000	5,730,544		26,605,000	1,330,250		-	-		8,955,000	6,564,500	
2022	2,235,000	5,642,269		-	-		-	-		38,805,000	6,116,750	
2023	180,000	5,550,075		-	-		-	-		40,750,000	4,176,500	
2024	190,000	5,542,425		-	-		-	-		42,780,000	2,139,000	
2025	17,710,000	5,534,350		-	-		-	-		-	-	
2026	18,530,000	4,737,400		-	-		-	-		-	-	
2027	19,380,000	3,903,550		-	-		-	-		-	-	
2028	20,275,000	3,031,450		-	-		-	-		-	-	
2029	21,255,000	2,068,387		-	-		-	-		-	-	
2030	22,290,000	1,058,775		-	-		-	-		-	-	
2031	-	-		-	-		-	-		-	-	
2032	-	-		-	-		-	-		-	-	
Totals	$ 133,700,000	$ 69,569,173		$ 126,970,000	$ 21,907,500		$ 28,465,000	$ 1,478,125		$ 144,395,000	$ 51,256,625	

(a) Represents semi-annual requirement only

Continued

ORANGE COUNTY CONVENTION CENTER
SCHEDULE OF BONDED DEBT AND INTEREST, Continued
September 30, 2016

BOND YEAR ENDING OCTOBER 1	TOURIST DEVELOPMENT TAX REFUNDING REVENUE BONDS SERIES 2013		TOURIST DEVELOPMENT TAX REFUNDING REVENUE BOND SERIES 2015		TOURIST DEVELOPMENT TAX REFUNDING REVENUE BONDS SERIES 2016	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2016	$ 3,110,000 (b)	$ 97,945 (a)	$ 10,450,000	$ 3,667,200 (a)	$ -	$ 543,492 (a)
2017	3,165,000 (b)	148,090	6,185,000	7,125,400	-	2,541,000
2018	3,210,000 (b)	99,444	6,435,000	6,878,000	-	2,541,000
2019	3,260,000 (b)	50,106	8,680,000	6,556,250	-	2,541,000
2020	-	-	8,700,000	6,122,250	-	2,541,000
2021	-	-	9,140,000	5,687,250	-	2,541,000
2022	-	-	8,125,000	5,230,250	-	2,541,000
2023	-	-	8,525,000	4,824,000	1,000,000	2,541,000
2024	-	-	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	$ 12,745,000	$ 395,585	$ 154,195,000	$ 66,971,350	$ 63,025,000	$ 39,489,092

(a) Represents semi-annual requirement only
(b) Mandatory redemption for Series 2013 Bond due October 1, 2019

Continued

ORANGE COUNTY CONVENTION CENTER
SCHEDULE OF BONDED DEBT AND INTEREST, Continued
September 30, 2016

BOND YEAR ENDING OCTOBER 1	ALL TOURIST DEVELOPMENT TAX REVENUE BONDS PRINCIPAL		INTEREST		TOTAL DEBT SERVICE	
2016	$ 37,580,000	(d)	$ 14,828,709	(a)	$ 52,408,709	
2017	39,020,000	(d)	29,671,134		68,691,134	
2018	40,785,000	(d)	27,909,838		68,694,838	
2019	42,630,000	(d)	26,063,250		68,693,250	
2020	44,630,000		24,064,444		68,694,444	
2021	46,840,000		21,853,544		68,693,544	
2022	49,165,000		19,530,269		68,695,269	(c)
2023	50,455,000		17,091,575		67,546,575	
2024	52,920,000		14,570,175		67,490,175	
2025	27,530,000		11,925,600		39,455,600	
2026	28,810,000		10,637,650		39,447,650	
2027	30,190,000		9,289,800		39,479,800	
2028	31,525,000		7,877,200		39,402,200	
2029	33,070,000		6,351,637		39,421,637	
2030	34,725,000		4,751,275		39,476,275	
2031	34,105,000		3,070,750		37,175,750	
2032	39,515,000		1,580,600		41,095,600	
Totals	$ 663,495,000		$ 251,067,450		$ 914,562,450	

(a) Represents semi-annual requirement only
(c) Maximum annual debt service
(d) Mandatory redemption for Series 2013 Bond due October 1, 2019

ORANGE COUNTY CONVENTION CENTER
GENERAL DEBT COVENANTS
for the year ended September 30, 2016
(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, 2016, the Orange County Comptroller collected $158,859,861 of pledged Tourist Development Tax proceeds (first four percent of levy), all of which was deposited into the Tourist Development Trust Fund. In addition, $39,714,965 of Fifth Cent Tax proceeds was collected and deposited into the Pledged Fifth Cent Tax Fund. Total collections of pledged tax proceeds were $198,574,826. 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 2, 2015	$ 13,494,454	$ 4,505,608	$ 3,140,417	$ 5,848,429
November 2, 2015	13,531,664	2,672,008	3,140,417	7,719,239
December 2, 2015	15,891,221	2,672,008	3,140,417	10,078,796
January 4, 2016	15,784,625	2,672,008	3,140,417	9,972,200
February 2, 2016	17,279,644	2,651,163	3,140,417	11,488,064
March 2, 2016	16,332,487	2,663,387	3,140,417	10,528,683
April 4, 2016	17,922,201	2,672,008	3,140,416	12,109,777
May 2, 2016	22,217,404	2,672,008	3,140,416	16,404,980
June 2, 2016	17,375,616	2,672,008	3,140,416	11,563,192
July 5, 2016	15,605,837	2,672,008	3,140,416	9,793,413
August 2,2016	16,684,892	2,652,615	3,131,667	10,900,610
September 2, 2016	16,454,781	2,570,156	3,044,167	10,840,458
	$ 198,574,826	$ 33,746,985	$ 37,580,000	$ 127,247,841

Continued

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

At September 30, 2016, 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	$ 11,035,022	$ -	$ -	$ 11,035,022
Pledged Fifth Cent Tax	2,758,756	-	-	2,758,756
Operating revenue	1,942,116	-	302,745	2,244,861
Bond interest	14,844,742	-	-	14,844,742
Bond principal	37,580,000	-	-	37,580,000
Bond reserve	456,487	69,267,300	-	69,723,787
Bond issuance costs	18,978	-	-	18,978
Renewal and replacement reserve	105,780,866	-	-	105,780,866
Totals	$ 174,416,967	$ 69,267,300	$ 302,745	$ 243,987,012

At September 30, 2015, 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	$ 10,799,455	$ -	$ -	$ 10,799,455
Pledged Fifth Cent Tax	2,699,864	-	-	2,699,864
Operating revenue	5,793,252	-	237,562	6,030,814
Bond interest	14,731,042	-	-	14,731,042
Bond principal	28,635,000	-	-	28,635,000
Bond reserve	400,150	70,057,100	-	70,457,250
Bond issuance costs	95,845	-	-	95,845
Renewal and replacement reserve	96,831,616	-	-	96,831,616
Totals	$ 159,986,224	$ 70,057,100	$ 237,562	$ 230,280,886

During the 2016 and 2015 fiscal years, no funds were received which were required to be deposited to the Gifts, Grants and Other Income accounts. No restricted or unrestricted funds remained in this account as of September 30, 2016 or September 30, 2015.

Continued

4. Budget for Bond Indenture Accounts – 2016/2017 Fiscal Year:

Revenues:	
Operating revenues	$ 61,968,943
Tourist development tax revenues	196,083,333
Investment earnings-operating and debt service	985,000
Subtotal	259,037,276
Less statutory deduction	(12,951,864)
Total revenues	246,085,412
Expenses and other disbursements:	
Operation and maintenance	74,290,963
Bond interest and fees	32,134,397
Bond principal	37,685,000
Total expenses and other disbursements	144,110,360
Excess of budgeted funds available for deposit to renewal and replacement reserve account	$ 101,975,052
Budgeted payments to other agencies and transfers to other funds from renewal and replacement reserve balance	$ 42,783,257

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

Continued

ORANGE COUNTY CONVENTION CENTER
GENERAL DEBT COVENANTS, Continued
for the year ended September 30, 2016
(Unaudited)

5. Schedule of Insurance in Force:

Policy	Term/ Carrier	Coverage	Self-Insured Retention/ Deductible	Limits
Property	4/1/16-4/1/17 various	Flood, earthquake	$ 500,000	$ 50,000,000
		Named windstorm	2% of structure value	$ 100,000,000
		All other wind/hail	$ 500,000	$ 500,000,000
		All other risks	$ 500,000	$ 1,000,000,000
Terrorism	4/1/16-4/1/17 Lloyd's of London	Sabotage & Terrorism	$ 25,000	$ 100,000,000
Excess Liability	4/1/16-4/1/17 Lloyd's of London	General liability, employers' and employee benefits liability, auto liability, and errors and omissions	$ 1,000,000	$ 10,000,000
		Employment practices	$ 1,000,000	$ 5,000,000
Workers' Compensation	4/1/16-Indefinite	Florida Workers' Compensation Act & Employers' Liability	All self-insured	Statutory
Crime	4/1/16-4/1/17 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	4/1/16-4/1/17 Travelers Property & Casualty	Machinery breakdown	$ 50,000	$ 100,000,000
Vehicle and Mobile Equipment Floater	4/1/16-4/1/17 Allianz Global	Commercial Inland	$ 250,000	$ 5,000,000
Environmental and Storage Tank Liability	4/1/15-4/1/18 Illinois Union Insurance Co. (ACE)	Third party liability and on-site cleanup	$ 250,000	$ 4,000,000(a) $ 12,000,000(b)
Cyber Liability	4/1/16-4/1/17 Lloyd's of London	Security and privacy liability, media content, liability, cyber extortion	$ 500,000	$ 5,000,000
		Business Interruption/Digital Asset Loss	$ 500,000	$ 5,000,000
		PCI-DSS Assessment	$ 500,000	$ 1,000,000

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