

2012



COMPREHENSIVE

ANNUAL FINANCIAL REPORT

YEAR ENDED SEPTEMBER 30

(A COMPONENT UNIT OF ORANGE COUNTY, FLORIDA)

# **ORANGE COUNTY LIBRARY DISTRICT**

(A Component Unit of Orange County, Florida)

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**Year Ended September 30, 2012**



Prepared by:

FINANCE DEPARTMENT

**ORANGE COUNTY LIBRARY DISTRICT  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 YEAR ENDED SEPTEMBER 30, 2012**

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## INTRODUCTORY SECTION



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Orlando, Florida 32801-2471  
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Mary Anne Hodel,  
Library Director, Chief Executive Officer

January 2 , 2013

To the Library Board of Trustees and Residents of the Orange County Library District:

The Comprehensive Annual Financial Report (CAFR) of the Orange County Library District (District) for the fiscal year ended September 30, 2012 is hereby submitted.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management of the District. To the best of our knowledge and belief, the information presented herein is accurate in all material aspects and is reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The CAFR is presented in four sections:

- **Introductory** – Includes this transmittal letter, the District's organizational chart, a list of principal officials, and the prior year's Certificate of Achievement for Excellence in Financial Reporting.
- **Financial** – Includes the independent auditors' report, management's discussion and analysis, the basic financial statements, required supplementary information, and other supplementary information.
- **Statistical** – Contains selected financial and demographic information, generally presented on a multi-year basis.
- **Compliance** – Contains schedules and reports required by state and federal regulations.

State statute, augmented by the Rules of the Florida Auditor General, requires that the District's financial statements be published within one year of fiscal year end, presented in conformance with generally accepted accounting principles (GAAP) as applicable to governmental entities, and audited in accordance with generally accepted auditing standards by licensed independent certified public accountants. This report serves to fulfill these requirements.

Management of the District is responsible for establishing and maintaining an internal control framework that is designed to protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. As a recipient of federal and state financial assistance, the District is also responsible for establishing adequate internal controls to ensure compliance with applicable laws and regulations related to those

programs. The District's internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits require estimates and judgments by management. We believe the District's internal controls adequately safeguard assets, provide reasonable assurance of properly recorded financial transactions, and provide reasonable assurance that applicable laws and regulations relating to federal and state financial assistance are being followed.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

### **District Profile**

The District was established by a special state legislative act, Chapter 80-555, Laws of Florida, approved by referendum on September 9, 1980 as an independent special taxing district, to provide library services for Orange County, Florida (exclusive of the Cities of Winter Park and Maitland). The original act, as amended, was recodified into Chapter 99-486, Laws of Florida.

The District's Governing Board is comprised of the Board of County Commissioners of Orange County and one member appointed by the City Council of the City of Orlando, Florida. The powers of the Governing Board are primarily limited to levying taxes, issuing long-term debt, appointing members of the Board of Trustees, and exercising powers of eminent domain. The five-member Library Board of Trustees is responsible for managing, administering, and operating all library facilities and services of the District. Library services are provided to approximately 1,114,000 residents through a 290,000 square foot Main Library building and 14 branch facilities, which range in size from 5,600 to 15,600 square feet.

The District adopts annual budgets for all governmental funds on a modified accrual basis. Budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level. Budget-to-actual comparisons are provided in this report for each governmental fund.

### **Economic Condition**

Information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the District operates.

***Local economy.*** The local economy is primarily driven by the tourism and travel industry. Major employers include the Walt Disney World Resort, Orange County Public Schools, Florida Hospital, Universal Studios, Orlando Health, UPS, University of Central Florida, Lockheed Martin Corp., Orange County Government and SeaWorld Parks & Entertainment. The two largest property tax payers of the District are the Walt Disney World Company and Universal Orlando.

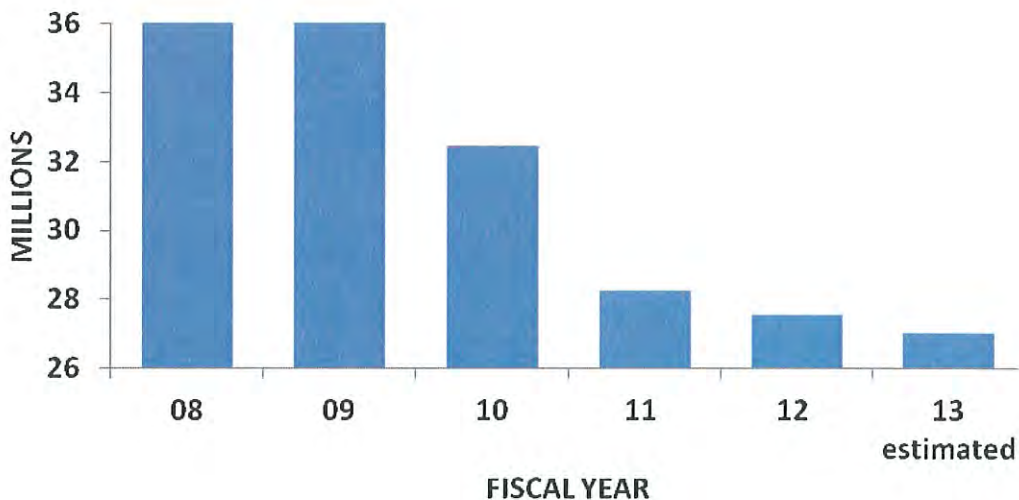


**Property taxes.** The District is primarily funded through property tax revenues. In June 2007, the Florida Legislature passed legislation, which resulted in a 13% reduction in the District's millage rate for fiscal year 2008. The District's millage rate dropped from .4325 for fiscal 2007 to .3748 for fiscal 2008, and has remained at .3748. Despite the reduction in the District's millage rate, property tax revenues for fiscal year 2008 remained stable due to significant new construction added to the tax rolls.

The Florida Legislature approved further tax reform proposals which were approved by the voters on January 29, 2008. The net effect of this second wave of property tax reform was to remove 6 billion of property tax value from the District's tax rolls. However, due to new construction in the District, property tax revenues for fiscal year 2009 again remained stable.

While the District's property tax revenues had remained stable from fiscal year 2007 through 2009, the recent recession and bursting of the housing bubble had a dramatic effect on the property tax revenues of most local governments in Central Florida, including the District. As illustrated in the chart below, the District's property tax revenues dropped \$9,300,000 or 25%, from fiscal year 2009 to 2012. The District is projecting an additional 1.8% drop in property tax revenues for fiscal year 2013.

## Property Tax Revenues



To accommodate the loss of tax revenues, the District needed to reduce spending. While budget reductions were made across the board, much of the needed savings were achieved through lower salaries due to fewer full time positions and lower associated benefit costs. No District employees were laid off. Rather, staff reductions were achieved through normal attrition.

**Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Orange County Library District for its comprehensive annual financial report for the fiscal year ended September 30, 2011. This was the ninth consecutive year that the District has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the Finance Department staff. We would also like to extend our appreciation to the Library Board of Trustees for their considerable contributions and support. Finally, we would like to thank the accounting firm of Cherry, Bekaert, & Holland, L.L.P. for helping to bring this report together.

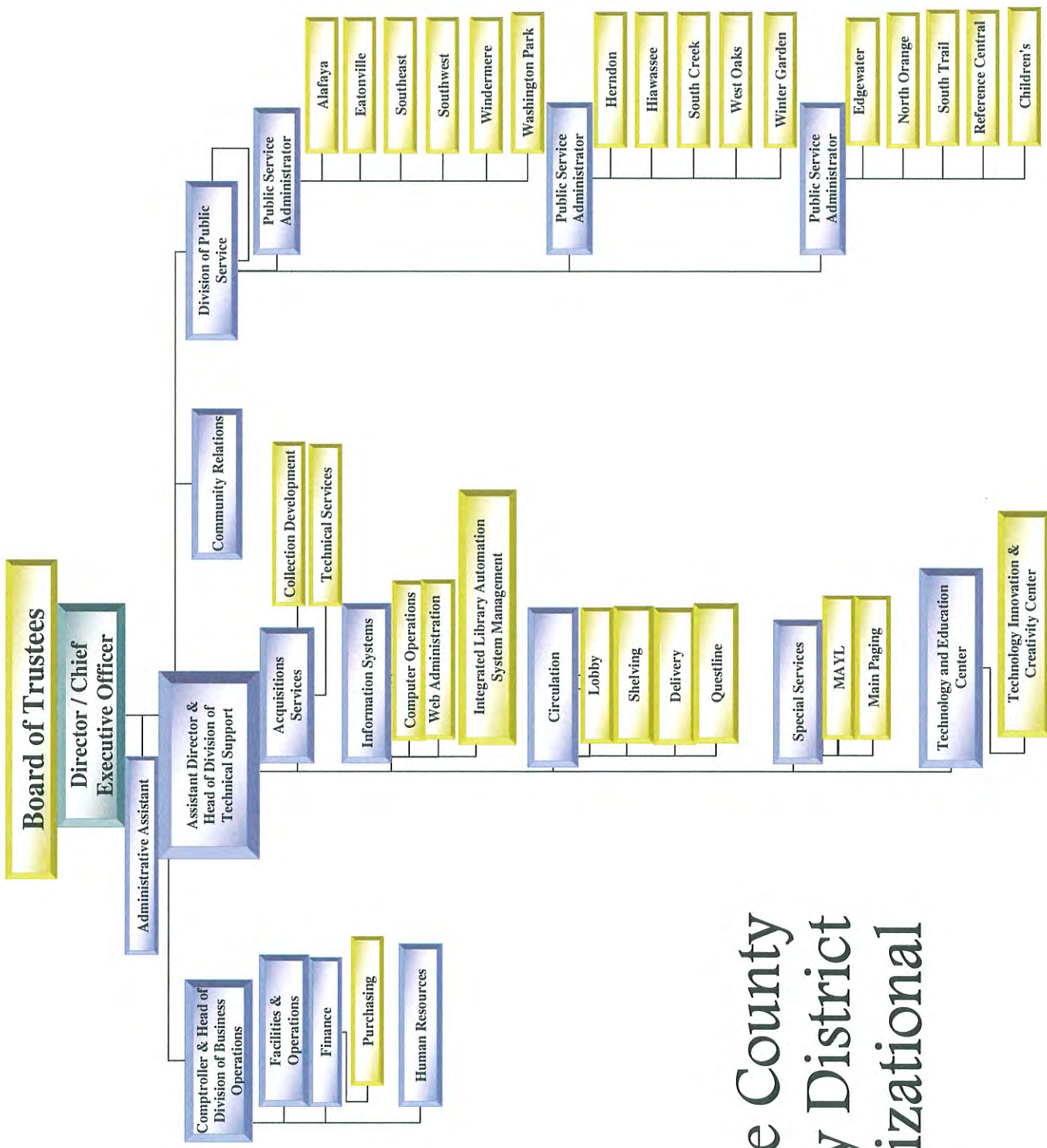
Sincerely,



Robert Tessier, CPA  
Comptroller



Patricia Quinones  
Finance Manager



# Orange County Library District Organizational Chart

# ORANGE COUNTY LIBRARY DISTRICT

## List of Principal Officials

### Library Board of Trustees

Richard Maladecki	President
Ted Maines	Vice President
Guy Houk	Trustee
Lucas Boyce	Trustee
Lisa Franchina	Trustee

### Director/Chief Executive Officer

Mary Anne Hodel

### Comptroller

Robert Tessier

### Finance Manager

Patricia Quinones

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Orange County  
Library District  
Florida

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Christopher P. Moivell*

President

*Jeffrey R. Emer*

Executive Director

## FINANCIAL SECTION



## **Report of Independent Auditors**

Orange County Library Board of Trustees  
Orange County Library District  
Orlando, Florida

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Orange County Library District (the "District"), a component unit of Orange County, Florida, as of and for the year ended September 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the financial statements of the internal service fund, presented in the District's basic financial statements, and each of the fiduciary funds of the District, presented as other supplementary information in the accompanying combining financial statements, as of and for the year ended September 30, 2012. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of September 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly in all material respects, the respective financial position of the internal service fund and each fiduciary fund of the District as of September 30, 2012 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 28, 2012 on our consideration of the District'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 *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, general fund budgetary comparison information, defined benefit pension plan schedules, and other postemployment benefits schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. The introductory section, combining fiduciary net assets, capital projects fund budgetary comparison information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of state financial assistance is presented for purposes of additional analysis as required by Chapter 10.550, *Rules of the Auditor General*, and is also not a required part of the financial statements. The combining fiduciary net assets, budgetary comparison information, and the schedule of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Cheng, Behaert & Holland, L.L.P.*

Orlando, Florida  
December 28, 2012



# Management's Discussion and Analysis

The following discussion and analysis of the Orange County Library District's (the "District") financial statements provides an overview of the District's financial activities for the fiscal year ended September 30, 2012. This analysis is designed to assist the reader of the financial statements in focusing on the significant financial issues and activities and to identify any significant changes in financial position. The information presented here should be considered in conjunction with the financial statements taken as a whole.

## **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements, which are comprised of the following three components.

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

## ***Government-wide financial statements***

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances taken as a whole, in a manner similar to a business.

The *statement of governmental net assets* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Assets and liabilities are reported in this statement based on the accrual method of accounting, which is used by most businesses.

The *statement of governmental activities* presents information showing how the District's net assets changed during the year. This statement includes all of the District's revenues and expenses, regardless of when the cash is received or paid.

The government-wide financial statements are located on pages 12 - 13 of this report.

## ***Fund financial statements***

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Like other local governments, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the District's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for the same library activities reported in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows in and out of the funds and the balances left at year-end that are available for spending. These funds are reported based on the modified accrual method of accounting, which measures cash and all other financial assets that can readily be

converted to cash. Governmental fund statements provide a short-term view of the District's financial operations.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it may be useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. Both the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison.

The District's governmental funds consist of the General Fund, Capital Projects Fund, and Capital Projects Sinking Fund, all of which are reported as major funds. Information is presented separately in the governmental balance sheet and statement of revenues, expenditures, and changes in fund balances for each of these funds. The governmental fund financial statements can be found on pages 14 - 16 of this report.

The District adopts an annual budget for each of its governmental funds. Budgetary comparison schedules are located on page 43 for the General Fund and on pages 48 - 49 for the other funds.

**Proprietary funds.** The District maintains one type of proprietary fund. An *internal service fund* is an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses its Internal Service Fund to account for its self insured health coverage provided to employees and retirees. Because these services benefit governmental functions, they have been included within governmental activities in the government-wide financial statements. The basic Internal Service Fund financial statements can be found on pages 17 – 19.

**Fiduciary funds.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the District. The District is the fiduciary for the Defined Benefit, Defined Contribution, and Money Purchase Pension Plans as well as the Other Postemployment Benefit Plan. The combined activities for these plans are reported in the Statement of Fiduciary Net Assets – Pension and Other Postemployment Benefit Trust Funds, and Statement of Changes in Fiduciary Net Assets – Pension and Other Postemployment Benefit Trust Funds on pages 20 - 21 of this report. Combining financial statements for the plans can be found on pages 46 - 47. The financial activities for these plans are excluded from the District's government-wide financial statements because the District cannot use the assets to finance its operations.

***Notes to the financial statements***

The *notes to the financial statements* provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 - 42 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which can be found on pages 43 - 45 of this report.

### Government-wide Financial Analysis

The following summarizes the District's net assets at September 30, 2012 and 2011.

	<u>2012</u>	<u>2011</u>
Current and other assets	\$25,567,747	\$24,308,471
Capital assets	26,552,839	27,978,659
<b>Total assets</b>	<b>52,120,586</b>	<b>52,287,130</b>
Current liabilities	1,432,024	1,390,501
Long term liabilities	604,663	548,157
<b>Total liabilities</b>	<b>2,036,687</b>	<b>1,938,658</b>
Net assets:		
Invested in capital assets, (no related debt)	26,552,839	27,978,659
Restricted	1,157,517	157,517
Unrestricted	22,373,543	22,212,296
<b>Total net assets</b>	<b>\$50,083,899</b>	<b>\$50,348,472</b>

As noted earlier, net assets may serve over time as a useful indicator of the District's financial position. During the year ended September 30, 2012, the District decreased its net assets through operating results by a minimal amount, \$264,573 and assets exceeded liabilities by \$50,083,899 as of the end of the fiscal year.

By far the largest portion of the District's net assets is its investment in capital assets (land, buildings, improvements, furniture and equipment, computer equipment, and construction in progress). The District uses capital assets to provide library services. Consequently, these assets are not available for future spending. The District does not have any debt associated with its capital assets.

A second category of net assets is referred to as restricted since the resources are subject to external restrictions on how they can be used. This category consists of funds donated to the District, which can only be used for specified purposes.

The last category, unrestricted, may be used to meet the District's ongoing obligations to citizens and creditors.

The following summarizes the District's governmental activities for the years ended September 30, 2012 and 2011.

	<u>2012</u>	<u>2011</u>
<b>Program Revenues</b>		
Charges for services	\$1,740,844	\$1,921,219
Operating grants and contributions	1,343,216	1,299,721
Capital contribution	1,000,000	-
<b>General Revenues</b>		
Property taxes	27,515,072	28,223,502
Investment income	30,448	38,982
Operating lease	107,458	-
Miscellaneous	263,479	241,465
<b>Total revenues</b>	<u><b>32,000,517</b></u>	<u><b>31,724,889</b></u>
<b>Expenses</b>		
Salaries and benefits	17,859,087	18,137,533
Operating	7,904,571	7,456,834
Materials	4,653,884	4,458,761
Depreciation	1,847,548	1,888,744
<b>Total expenses</b>	<u><b>32,265,090</b></u>	<u><b>31,941,872</b></u>
<b>Changes in net assets</b>	<b>(264,573)</b>	<b>(216,983)</b>
<b>Net assets - beginning of year</b>	<b>50,348,472</b>	<b>50,565,455</b>
<b>Net assets - end of year</b>	<u><u><b>\$50,083,899</b></u></u>	<u><u><b>\$50,348,472</b></u></u>

- Charges for services were down \$180,375 largely due to lower fines associated with reduced circulation of physical items and a lower DVD daily fine rate.
- The Capital contribution of \$1,000,000 represents a gift from the Kendrick B. Melrose Family Foundation which can only be used for the creation of the Dorothy Lumley Melrose Center for Technology, Innovation, and Creativity.
- Property taxes were down \$708,430 due to a 3% decline in property values. Due to the improving real estate market, this decline is significantly less than the decline in previous years.
- Investment income was down \$8,534 due to lower interest rates.

- The operating lease revenue of \$107,458 primarily reflects a lease agreement with the U.S. Government.
- Salaries and benefits decreased \$278,446 primarily due to very minor reductions in staffing levels associated with normal attrition.
- Operating expenses increased \$447,737 due to higher claims expenses associated with the District's health self insurance activities and a slight increase in overall spending after several years of declines.

### **Fund Financial Analysis**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The District's governmental funds provide information on near-term inflows, outflows, and balances of spendable resources. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is used to account for all revenues and expenditures applicable to the general operations of the District, which are not required to be accounted for in another fund. Unassigned fund balance decreased from \$8,738,773 to \$4,308,266 primarily due to the assignment of \$4,330,982 to the fiscal year 2013 Budget.

The \$5,275 increase in the Capital Projects Fund balance during the year was due to investment income. The entire fund balance of \$5,977,029 is assigned for capital projects.

The Capital Projects Sinking Fund was established to accumulate resources for future building improvements and major technology purchases. Fund balance increased by \$432 during the year due to investment income. The entire fund balance is assigned for capital projects.

### **General Fund Budgetary Highlights**

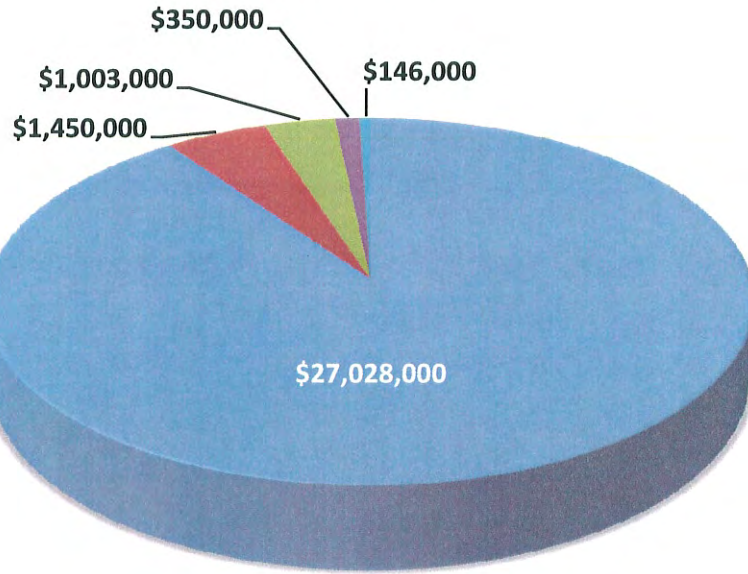
The District adopted a budget for its General Fund (see page 43) prior to the start of its fiscal year and did not amend it. Accordingly, the original and final budgets are the same.

The following charts show the budget versus actual for revenues and expenditures.

# GENERAL FUND

## Budgeted Revenues

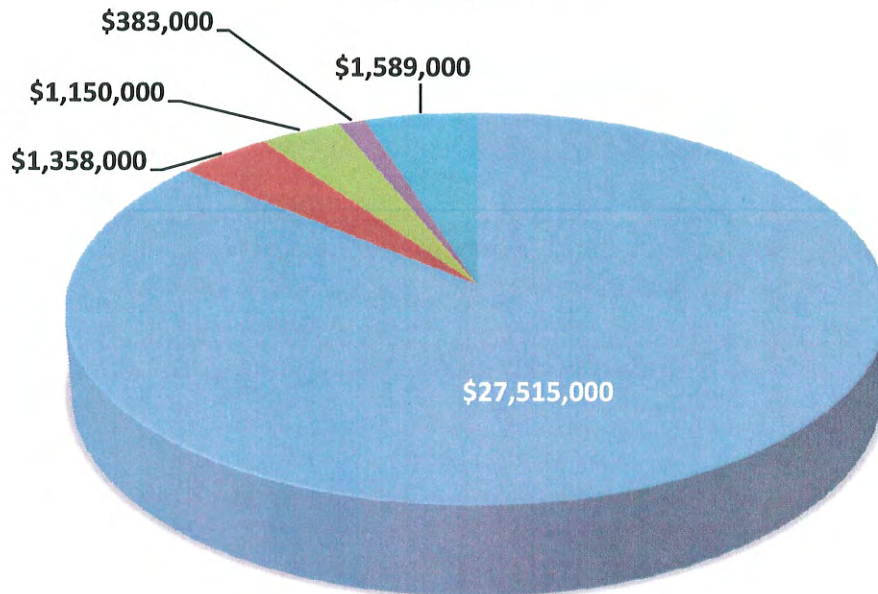
\$29,977,000



■ Property Taxes ■ Fines ■ Intergovernmental ■ Charges for Services ■ Misc.

## Actual Revenues

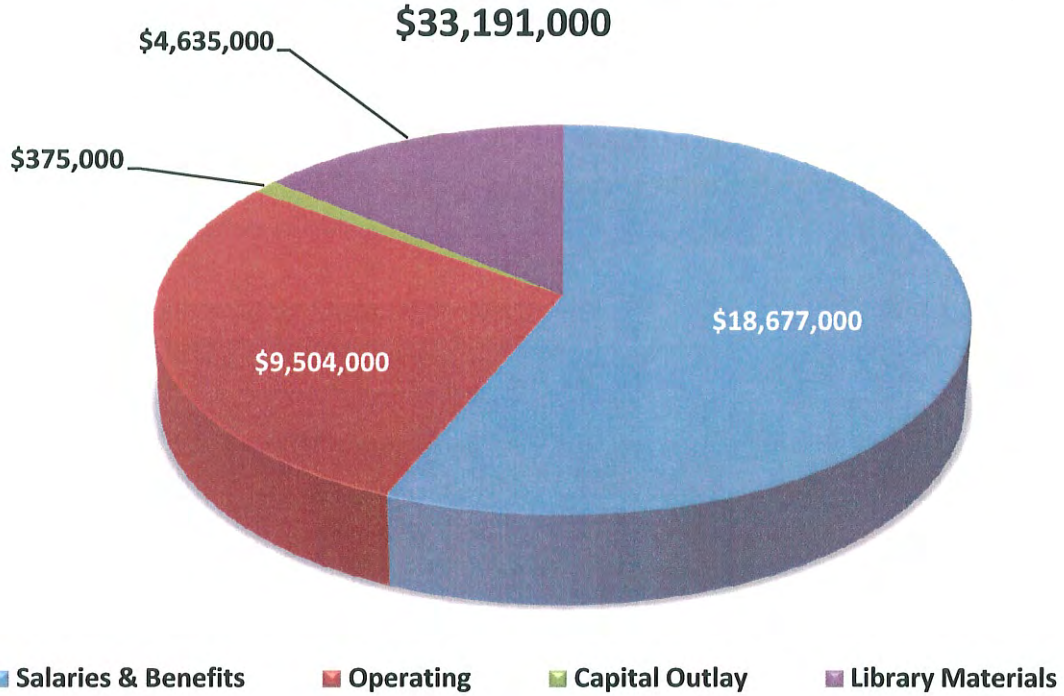
\$31,995,000



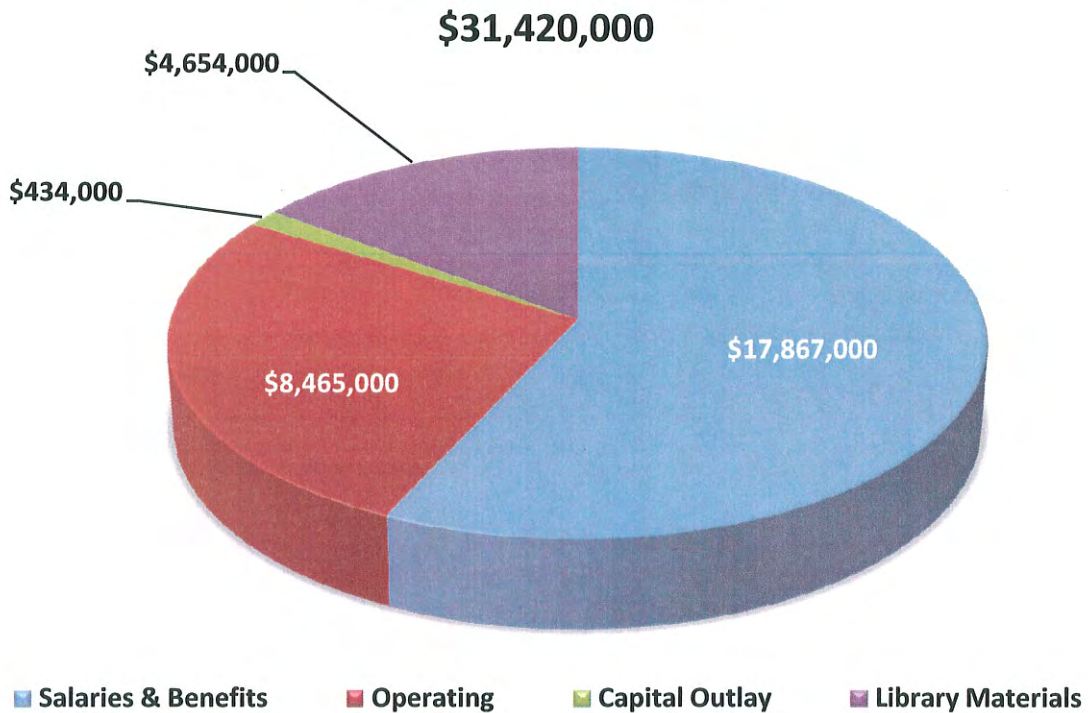
■ Property Taxes ■ Fines ■ Intergovernmental ■ Charges for Services ■ Misc.

# GENERAL FUND

## Budgeted Expenditures



## Actual Expenditures



The following summarizes significant variations between the amounts budgeted and the actual amounts for the General Fund.

**Property Taxes** – The District budgets 95% of the taxes levied but, due to discounts offered for early payment, receives a slightly higher percentage.

**State Aid to Libraries** – The District’s estimate of State Aid, \$750,000, was too low. Actual revenue received in the current fiscal year was \$105,186 higher.

**Federal Grants** – A \$43,500 federal grant that was awarded and received during the year was not included in the annual budget.

**Fines** – Due to lower circulation of physical items and a decrease in the DVD daily fine rate during the year, fine revenue was down \$92,040.

**Contributions** – A \$1,000,000 gift, which was not included in the annual budget, was received during the year.

**Operating Lease** – During the year, an operating lease was negotiated with the U.S. Army and \$105,989 in rental payments were received. No revenue had been included in the annual budget for this lease.

**Investment Income** – As a result of lower interest rates, actual revenues were lower than budgeted.

**Other** – Universal Service Support payments in the amount of \$210,048 and \$101,514 in private grants and awards were received but were not reflected in the budget.

Due to declining property values, the District made deliberate efforts to restrain spending. As positions were vacated due to normal attrition, a small number were not filled. The small decline in salaries together with no increase in health insurance premiums were the main reasons for the \$809,999 reduction in salaries and benefits. The District reduced its operating expenditures in a variety of ways which yielded an additional savings of \$1,038,209 compared to the budget.

**Capital Assets**

The District’s capital assets, net of accumulated depreciation, consist of the following at September 30, 2012 and 2011.

	<u>2012</u>	<u>2011</u>
Land	\$ 3,349,802	\$ 3,349,802
Buildings	15,699,718	16,406,351
Improvements	5,851,623	6,450,059
Furniture and equipment	1,048,120	1,246,625
Computer equipment	414,945	435,441
Construction in Progress	188,631	90,381
<b>Total Capital Assets</b>	<u><u>\$26,552,839</u></u>	<u><u>\$27,978,659</u></u>



Due to lower property tax revenues, capital asset purchases were kept to a minimum and included the following:

- Upgraded security gates at the Main Library at a cost of \$43,275
- Installed new heating, ventilation, and air conditioning equipment at the Chickasaw location at a cost of \$65,355
- Purchased early literacy stations for all branch locations at a cost of \$80,384
- Purchased computer equipment and software at a cost of \$109,360

Additional information on the District's capital assets can be found on page 31 of this report.

**Long Term Debt**

The District's long-term debt consists of the following at September 30, 2012 and 2011.

	<u>2012</u>	<u>2011</u>
Accrued Compensated Absences	\$1,228,093	1,270,475
Net Pension Obligation	100,615	66,212
<b>Total Long Term Debt</b>	<b><u>\$1,328,708</u></b>	<b><u>\$1,336,687</u></b>

Additional information on the District's long term debt can be found on page 32 of this report.

**Requests for Financial Information**

This report is designed to provide a general overview of the District's finances and to show accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be directed to:

Patricia Quinones, Finance Manager  
 Orange County Library District  
 101 East Central Blvd.  
 Orlando, Florida 32801

## **BASIC FINANCIAL STATEMENTS**

**ORANGE COUNTY LIBRARY DISTRICT**  
Statement of Governmental Net Assets  
September 30, 2012

**Assets**

Cash and cash equivalents	\$ 8,495,496
Investments	15,017,817
Due from other governmental agencies	523,223
Other receivables	793,301
Inventory	296,003
Prepaid items	141,907
Net OPEB asset (contributions in excess of requirements)	300,000
Nondepreciable capital assets	3,538,433
Depreciable capital assets (net of accumulated depreciation)	<u>23,014,406</u>
 <b>Total assets</b>	 <u><u>52,120,586</u></u>

**Liabilities**

Accrued salaries payable	245,522
Other accrued liabilities	10,235
Accounts payable	353,291
Claims payable	96,537
Unearned revenue	2,394
Long term debt:	
Due within one year	724,045
Due beyond one year	<u>604,663</u>
 <b>Total liabilities</b>	 <u><u>2,036,687</u></u>

**Net Assets**

Invested in capital assets (no related debt)	26,552,839
Restricted for:	
Kendrick B. Melrose Family Foundation Gift	1,000,000
Nonexpendable endowments	157,517
Unrestricted	<u>22,373,543</u>
 <b>Total net assets</b>	 <u><u>\$ 50,083,899</u></u>

**ORANGE COUNTY LIBRARY DISTRICT**

Statement of Governmental Activities

Year Ended September 30, 2012

**Program expenses:**

Salaries and benefits	\$ 17,859,087
Operating	7,904,571
Depreciation	1,847,548
Materials	4,653,884

**Total program expenses** 32,265,090

**Program revenues:**

Charges for services	1,740,844
Operating grants and contributions	1,343,216
Capital contribution	1,000,000

**Total program revenues** 4,084,060

**Net program (expenses)** (28,181,030)

**General revenues:**

Property taxes	27,515,072
Investment income	30,448
Operating lease	107,458
Miscellaneous	263,479

**Total general revenues** 27,916,457

**Change in net assets** (264,573)

**Net assets - beginning** 50,348,472

**Net assets - ending** \$ 50,083,899

**ORANGE COUNTY LIBRARY DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2012**

	<u>General</u>	<u>Capital Projects</u>	<u>Capital Projects Sinking</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 5,892,410	\$ 1,614,994	\$ 132,245	\$ 7,639,649
Investments	8,080,950	4,360,584	357,071	12,798,605
Due from other governmental agencies	523,223	-	-	523,223
Other receivables	720,452	1,451	119	722,022
Inventory	296,003	-	-	296,003
Prepaid items	141,907	-	-	141,907
<b>Total assets</b>	<u>\$ 15,654,945</u>	<u>\$ 5,977,029</u>	<u>\$ 489,435</u>	<u>\$ 22,121,409</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accrued salaries payable	\$ 245,522	\$ -	\$ -	\$ 245,522
Other accrued liabilities	10,235	-	-	10,235
Accounts payable	353,291	-	-	353,291
Unearned revenue	2,394	-	-	2,394
<b>Total liabilities</b>	<u>611,442</u>	<u>-</u>	<u>-</u>	<u>611,442</u>
<b>Fund Balances:</b>				
Nonspendable:				
Inventory	296,003	-	-	296,003
Prepaid Items	141,907	-	-	141,907
Annetta O'B Walker Trust Fund	4,000	-	-	4,000
A.P. Phillips Jr. Memorial Fund	100,000	-	-	100,000
Perce C. and Mary M. Gullet Memorial Fund	19,805	-	-	19,805
Willis H. Warner Memorial Fund	33,712	-	-	33,712
Restricted For:				
Kendrick B. Melrose Family Foundation Gift	1,000,000	-	-	1,000,000
Committed To:				
Strategic Plan	4,000,000	-	-	4,000,000
Edmund L. Murray Estate Fund	724,689	-	-	724,689
Arthur Sondheim Estate Fund	39,941	-	-	39,941
Vivian Esch Estate Fund	44,198	-	-	44,198
Assigned To:				
Capital Projects		5,977,029	489,435	6,466,464
Fiscal Year 2013 Budget	4,330,982	-	-	4,330,982
Unassigned:	4,308,266	-	-	4,308,266
<b>Total fund balances</b>	<u>15,043,503</u>	<u>5,977,029</u>	<u>489,435</u>	<u>21,509,967</u>
<b>Total liabilities and fund balances</b>	<u>\$ 15,654,945</u>	<u>\$ 5,977,029</u>	<u>\$ 489,435</u>	<u>\$ 22,121,409</u>
Total fund balances				\$ 21,509,967
Capital assets reported in government-wide financial statements				26,552,839
OPEB asset resulting from contributions in excess of the annual required contributions reported in the government-wide financial statements				300,000
Long-term liabilities reported in government-wide financial statements				(1,228,093)
Pension obligation reported in government-wide financial statements				(100,615)
Assets and liabilities of internal service fund included in government-wide financial statements				<u>3,049,801</u>
Net assets of governmental activities				<u>\$ 50,083,899</u>

See notes to financial statements.

**ORANGE COUNTY LIBRARY DISTRICT**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended September 30, 2012**

	<u>General</u>	<u>Capital Projects</u>	<u>Capital Projects Sinking</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Taxes:				
Property	\$ 27,515,072	\$ -	\$ -	\$ 27,515,072
Intergovernmental revenues:				
State Aid to Libraries	855,186	-	-	855,186
Federal Grants	294,799	-	-	294,799
Charges for services:				
Fines	1,357,960	-	-	1,357,960
Copiers/vending machines	200,715	-	-	200,715
Other Fees	182,169	-	-	182,169
Miscellaneous revenue:				
Investment income	24,741	5,275	432	30,448
Contributions	1,091,717	-	-	1,091,717
Operating Lease	107,458	-	-	107,458
Other	364,993	-	-	364,993
<b>Total revenues</b>	<u>31,994,810</u>	<u>5,275</u>	<u>432</u>	<u>32,000,517</u>
<b>Expenditures:</b>				
Current:				
Salaries and benefits	17,867,066	-	-	17,867,066
Operating	8,133,042	-	-	8,133,042
Capital outlay	5,087,853	-	-	5,087,853
<b>Total expenditures</b>	<u>31,087,961</u>	<u>-</u>	<u>-</u>	<u>31,087,961</u>
<b>Net change in fund balances</b>	906,849	5,275	432	912,556
<b>Fund balances at beginning of year</b>	<u>14,136,654</u>	<u>5,971,754</u>	<u>489,003</u>	<u>20,597,411</u>
<b>Fund balances at end of year</b>	<u>\$ 15,043,503</u>	<u>\$ 5,977,029</u>	<u>\$ 489,435</u>	<u>\$ 21,509,967</u>

**ORANGE COUNTY LIBRARY DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances of Governmental Funds to the**  
**Statement of Governmental Activities**  
**Year Ended September 30, 2012**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	912,556
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Governmental funds report all capital outlays as expenditures. However, in the statement of governmental activities the cost of capital outlay, other than Library books and other materials, is allocated over estimated useful lives and reported as depreciation expense. This is the amount of capital outlay not reported as materials expense on the statement of governmental activities.		433,969
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In the statement of activities, a gain or loss on the disposition of capital assets is reported, whereas in the governmental funds, the proceeds received from disposition of capital assets increases financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of capital assets disposed of.		(12,241)
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Depreciation of capital assets, not reported in governmental funds.		(1,847,548)
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Some expenses reported in the statement of governmental activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:

Increase in net pension obligation		(34,403)
Decrease in accrued compensated absences		42,382
Increase in net OPEB asset		300,000

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The net loss of internal service funds is reported with governmental activities.		(59,288)
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Change in net assets of governmental activities	\$	<u>(264,573)</u>
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**ORANGE COUNTY LIBRARY DISTRICT**  
**Statement of Net Assets-**  
**Internal Service Fund**  
**September 30, 2012**

<b>Assets</b>	
Current Assets:	
Cash and cash equivalents	\$ 855,847
Interest receivable	739
Investments	2,219,212
Due from other fund	<u>70,540</u>
<b>Total current assets</b>	<u>3,146,338</u>
<b>Liabilities</b>	
Current Liabilities:	
Claims payable	<u>96,537</u>
<b>Total current liabilities</b>	<u>96,537</u>
<b>Net assets</b>	<u><u>\$ 3,049,801</u></u>



**ORANGE COUNTY LIBRARY DISTRICT**  
**Statement of Revenues, Expenses, and Changes in Net Assets-**  
**Internal Service Fund**  
**Year Ended September 30, 2012**

<b>Operating Revenues</b>	
Charges for services	\$ 2,177,169
<b>Total operating revenues</b>	<u>2,177,169</u>
<b>Operating Expenses</b>	
Claims expenses	1,816,155
Stop loss insurance	<u>122,983</u>
<b>Total operating expenses</b>	<u>1,939,138</u>
Operating income	238,031
<b>Nonoperating Revenues and Expenses</b>	
Investment earnings	2,681
Contribution to OPEB Fund	<u>(300,000)</u>
<b>Total net operating revenues (expenses)</b>	(297,319)
Net Loss	(59,288)
<b>Net assets - beginning of year</b>	<u>3,109,089</u>
<b>Net assets - end of year</b>	<u><u>\$ 3,049,801</u></u>

**ORANGE COUNTY LIBRARY DISTRICT**  
**Statement of Cash Flows-**  
**Internal Service Fund**  
**Year Ended September 30, 2012**

<b>Cash flows from operating activities</b>	
Receipts from charges for services	\$ 2,176,430
Contribution to OPEB Fund	(300,000)
Cash payments for claims and expenses	<u>(1,945,041)</u>
<b>Net cash used by operating activities</b>	<u>(68,611)</u>
 <b>Cash flows from investing activities</b>	
Purchase of investments	(3,152,360)
Sale of investments	2,367,011
Income from investments	<u>2,681</u>
<b>Net cash used by investing activities</b>	<u>(782,668)</u>
<b>Net decrease in cash and cash equivalents</b>	(851,279)
<b>Cash and cash equivalents, October 1, 2011</b>	<u>1,707,126</u>
<b>Cash and cash equivalents, September 30, 2012</b>	<u><u>\$ 855,847</u></u>
 <b>Reconciliation of operating income to cash flows from operating activities</b>	
Operating income	\$ 238,031
Contribution to OPEB Fund	(300,000)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase in receivable	(739)
Increase in due from other fund	(8,153)
Decrease in claims payable	<u>2,250</u>
<b>Net cash used by operating activities</b>	<u><u>\$ (68,611)</u></u>

**ORANGE COUNTY LIBRARY DISTRICT**  
**Statement of Fiduciary Net Assets-**  
**Pension and Other Postemployment Benefit Trust Funds**  
**September 30, 2012**

**Assets**

Cash and cash equivalents	\$ 437,538
Investments:	
Individual securities:	
Domestic equities (large cap)	8,768,225
Corporate bonds	2,946,516
Government bonds	6,650,404
Asset backed securities	2,782,163
Commingled accounts:	
Domestic equities (small cap)	5,978,696
International equities	6,697,910
Mutual funds:	
Domestic equity	14,661,302
International equity	3,515,295
Stable value	1,720,106
Fixed income	5,246,551
Real Estate	1,203,416
Money market accounts	<u>1,304,136</u>
Total investments	61,474,720
Accrued income	54,282
Due from brokers (pending trades)	<u>1,948,422</u>
<b>Total assets</b>	<u><u>63,914,962</u></u>

**Liabilities**

Due to brokers (pending trades)	3,082,727
Accounts payable	68,034
Due to other fund	<u>70,540</u>
<b>Total liabilities</b>	<u><u>3,221,301</u></u>
<b>Net assets held in trust for pension and other postemployment benefits</b>	<u><u>\$ 60,693,661</u></u>

**ORANGE COUNTY LIBRARY DISTRICT**  
**Statement of Changes in Fiduciary Net Assets-**  
**Pension and Other Postemployment Benefit Trust Funds**  
**Year Ended September 30, 2012**

**Additions:**

Employer contributions:	
General Fund	\$ 3,674,463
Internal Service Fund	300,000
Investment gain (net of investment expenses)	<u>8,641,616</u>
<b>Total additions</b>	<u>12,616,079</u>

**Deductions:**

Benefits paid to participants	2,694,806
Administrative expenses	<u>15,245</u>
<b>Total deductions</b>	<u>2,710,051</u>

<b>Increase in net assets</b>	9,906,028
<b>Net assets - beginning of year</b>	<u>50,787,633</u>
<b>Net assets - end of year</b>	<u><u>\$ 60,693,661</u></u>

**ORANGE COUNTY LIBRARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended September 30, 2012**

**Note 1 - Summary of significant accounting policies**

***Reporting entity***

The Orange County Library District (the "District") was established by a special state legislative act, Chapter 80-555, Laws of Florida, approved by referendum on September 9, 1980 as an independent special taxing district, to provide library services for Orange County, Florida (exclusive of the Cities of Winter Park and Maitland). The original act, as amended, was recodified into Chapter 99-486, Laws of Florida.

The District's Governing Board is comprised of the Board of County Commissioners of Orange County, Florida (the "County") and one member appointed by the City Council of the City of Orlando, Florida. A five member Board of Trustees (the "Board") is appointed by the Governing Board to manage, administer and operate all library facilities and services of the District. The District is a component unit of the County because the County's appointment of the voting majority of the Board and the District is fiscally dependent on the County for issuance of bonded debt.

***Government-wide and fund financial statements***

The government-wide financial statements (i.e., the statement of governmental net assets and the statement of governmental activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements.

The statement of governmental activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers who purchase, use, or directly benefit from goods or services provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and pension and other postemployment benefit trust funds, even though the trust funds are excluded from the government-wide financial statements. All of the District's individual governmental funds are reported as major and are presented as separate columns in the fund financial statements.

***Measurement focus, basis of accounting, and financial statement presentation***

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the internal service and pension and other postemployment benefit trust fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of

**ORANGE COUNTY LIBRARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended September 30, 2012**

**Note 1 - Summary of significant accounting policies (continued)**

the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and investment earnings associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The Internal Service Fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from claims activities, whereas non-operating items consist of investing activities and contributions to the OPEB fund.

*Governmental Funds* - The District reports the following governmental funds, all of which are major funds:

General Fund is used to account for all revenues and expenditures applicable to the general operations of the District, except those required to be accounted for in another fund.

Capital Projects Fund is used to account for resources designated to construct or acquire capital assets and major improvements.

Capital Projects Sinking Fund is used to accumulate resources for the future construction or acquisition of capital assets and major improvements.

*Proprietary Funds* - The District reports the Internal Service Fund to account for health self insurance activities.

*Fiduciary Funds* - The District reports pension and other postemployment benefit trust funds to account for the activities of the Defined Benefit, Defined Contribution, and Money Purchase Pension Plans and the Other Postemployment Benefit Plan.

***New Accounting Pronouncement***

The District elected to early implement the provisions of GASB Statement 62, *Codification of Accounting and Reporting Guidance in Pre-November 30, 1989 FASB and AICPA Pronouncements*, although it had no effect on the District's financial statements.

***Budgetary requirements***

Expenditures are controlled by appropriations in accordance with budgetary requirements set forth in the Florida Statutes. The budgeted revenues and expenditures in the accompanying financial statements reflect all amendments approved by the Board of Trustees.

Budgets for the governmental fund types are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets are not adopted for the internal service, pension, and other postemployment benefit trust funds. Expenditures cannot exceed appropriations by fund level. Appropriations lapse at the close of the fiscal year to the extent that they have not been expended.

**ORANGE COUNTY LIBRARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended September 30, 2012**

**Note 1 - Summary of significant accounting policies (continued)**

***Cash and cash equivalents***

Cash and cash equivalents include cash on hand, demand deposits, certificates of deposit with an original maturity date of 90 days or less, and money market accounts. Investments in external pools, including Florida Prime and Florida Safe, are considered investments.

***Investments***

Investments are stated at fair value. Investment income includes all realized and unrealized gains and losses. Interest and dividend income is recognized on the accrual basis.

***Inventory and prepaid items***

Inventory is stated at cost on the basis of the "first-in", "first-out" method of accounting. The effect of this method is to flow costs through operations in the order in which the items were purchased. Inventory and prepaid costs are recorded as expenditure at the time individual items are consumed (consumption method).

***Capital assets***

Capital assets consist of facilities and equipment used in the District's operations and is recorded as expenditures in the General Fund, Capital Projects Fund, or Capital Projects Sinking Fund at the time goods are received and a liability is incurred. Capital assets are defined by the District as assets with an initial, individual cost of at least \$1,000 and an estimated useful life in excess of two years. These assets are capitalized at historical cost in the government-wide financial statements and are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Improvements	15
Furniture and equipment	10
Computer equipment	4

Accumulated depreciation is recorded from the date each asset was placed in service. The District's sole function is to provide library service. As a result, depreciation expense on capital assets is deemed to be a direct expense and is not subject to allocation. Donated assets are recorded as capital assets at estimated fair market value upon the date of donation.

***Library books and materials***

Library books and materials are recorded as expenditures when purchased and are not capitalized as assets of the District.

***Pending Trades***

Pending trade receivables (Due from Brokers) and obligations (Due to Brokers) in the Statement of Fiduciary Net Assets-Pension and Other Postemployment Benefit Trust Funds, represent investment sales and purchases made with trade dates at fiscal year end and settlement dates after the fiscal year end.

**ORANGE COUNTY LIBRARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended September 30, 2012**

**Note 1 - Summary of significant accounting policies (continued)**

***Compensated absences***

It is the policy of the District to permit employees to accumulate earned but unused leave benefits, a limited amount of which will be paid to employees upon separation from service. Unpaid compensated absences are recorded as a liability when the benefits are earned in the government-wide financial statements. For governmental funds, there is no legal requirement to accumulate expendable available financial resources to liquidate the obligation; thus expenditures are recognized in the governmental funds when payments are made to employees.

***Long-term debt***

In accordance with accounting principles generally accepted in the United States of America, long-term liabilities are not recognized in the Governmental Fund financial statements. They are instead reported as liabilities in the government-wide financial statements.

***Net Assets***

Net assets in government-wide financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are externally imposed by outside parties and creditors for specific purposes.

***Fund Balance Reporting***

Fund balance for the District is reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts of the fund can be spent.

There are two major types of fund balances, which are spendable and nonspendable. Nonspendable fund balances cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal of an endowment or trust funds.

Spendable fund balances are expended based on a hierarchy of spending constraints, as follows:

- **Restricted** – Fund balances that are constrained by external parties, constitutional provisions, or enabling legislation. An agreement with the Kendrick B. Melrose Family Foundation states that these funds must be used for the creation of the Dorothy Lumley Melrose Center for Technology, Innovation and Creativity.
- **Committed** – Fund balances that contain self-imposed constraints of the government from its highest level of decision making authority. Committed fund balances are reported pursuant to resolutions approved by the District's Board of Trustees and can only be modified or rescinded through resolutions approved by the District's Board of Trustees.
- **Assigned** – Fund balances that contain self-imposed constraints of the government to be used for a particular purpose. Assignments may be made only by the District's Board of Trustees or District official.
- **Unassigned** – Fund balance of the general fund that is not constrained for any particular purpose.



**ORANGE COUNTY LIBRARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended September 30, 2012**

**Note 1 - Summary of significant accounting policies (continued)**

As outlined above, the District has fund balance associated with the Kendrick B. Melrose Family Foundation classified as restricted. However, for purposes of the Statement of Government Net Assets, nonspendable endowments and restricted gifts are also presented as restricted.

The District does not have a formal policy related to the order of spending, but when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District's Board of Trustees has provided otherwise in its commitment or assigned actions.

***Tax status***

The District was granted 501(c)(3) status by the Internal Revenue Service and is not subject to Federal Income Taxes.

***Use of estimates***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the financial statement date and the reported amounts of revenues and expenses or expenditures during the reporting period. Actual results could differ from those estimates.

**ORANGE COUNTY LIBRARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended September 30, 2012**

**Note 2 – Deposits and investments**

At September 30, 2012, the District had the following deposits and investments:

	<b>Fair Value</b>
<b>General Governmental Deposits and Investments:</b>	
Deposits (demand accounts)	\$ 2,899,536
Internal Pooled Cash Equivalents (money market accounts)	4,740,113
	7,639,649
Internal Pooled Investments (US Treasuries, certificates of deposit and FL Safe)	12,798,605
	20,438,254
 <b>Internal Service Fund Deposits and Investments:</b>	
Deposits (demand account)	33,936
Internal Pooled Cash Equivalents (money market accounts)	821,911
	855,847
Internal Pooled Investments (US Treasuries, certificates of deposit and FL Safe)	2,219,212
	3,075,059
 <b>Defined Contribution Pension Plan Investments:</b>	
Mutual Funds - Equity Securities	10,649,681
Mutual Funds - Fixed Income	3,094,598
Mutual Funds - Stable Value	1,536,384
Mutual Funds - Money Market	17,977
	15,298,640
 <b>Money Purchase Pension Plan Investments:</b>	
Mutual Funds - Equity Securities	1,672,255
Mutual Funds - Fixed Income	217,707
Mutual Funds - Stable Value	183,722
Mutual Funds - Money Market	8,899
	2,082,583
 <b>Defined Benefit Pension Plan Deposits and Investments:</b>	
Deposits (money market account)	255,893
Individual Securities - Domestic Equities (large cap)	8,768,225
Individual Securities - Corporate Bonds	2,946,516
Individual Securities - Government Bonds	6,650,404
Individual Securities - Asset Backed Securities	2,782,163
Commingled Accounts - Domestic Equities (small cap)	5,978,696
Commingled Accounts - International Equities	6,697,910
Real Estate Mutual Fund	1,203,416
Money Market Accounts	1,277,260
	36,560,483
 <b>OPEB Retirement Health Benefit Plan Deposits and Investments:</b>	
Deposits (demand account)	181,645
Mutual Funds - Equity Securities	5,854,661
Mutual Funds - Fixed Income	1,934,246
	7,970,552
 Total Deposits and Investments	 \$ 85,425,571

**ORANGE COUNTY LIBRARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended September 30, 2012**

**Note 2 – Deposits and investments (continued)**

**Investment Policies and Risks**

***General Governmental and Internal Service Fund Investments***

The District pools its general governmental and Internal Service Fund surplus funds for investment purposes and these investments are managed in accordance with an Investment Policy Statement (Statement). The Statement authorizes investments in the Florida PRIME, which is a 2a7-like pool administered by the Florida State Board of Administration, and similar Florida intergovernmental investment pools, such as Florida Safe, Securities and Exchange Commission registered money market funds, interest bearing time deposits, and direct obligations of the U.S. Treasury. Although the District's Statement does not address credit and interest rate risk, the limited nature of the authorized investments effectively minimizes any exposure. The District's pooled general governmental and Internal Service Fund cash equivalents and investments include the following at September 30, 2012:

Fund/Investment	Type	Credit Quality	Weighted Average Maturity	General Governmental	Internal Service Fund
Federated Government Obligations Fund	Money Market	AAAM	45 days	\$ 1,095,167	\$ 189,896
Federated Treasury Obligations Fund	Money Market	AAAM	48 days	1,612,364	279,576
Aim Invesco Treasury Fund	Money Market	AAAM	44.96 days	2,032,584	352,439
Florida Safe		AAAM	60 days	2,561,427	444,138
Florida PRIME		AAAM	39 days	17,914	3,106
US Treasuries		N/A	18 to 24 months	5,525,729	958,133
Certificates of Deposit		N/A	12 to 33 months	4,693,533	813,835
Total Pooled Investments				17,538,718	3,041,123
Bank Deposits				2,899,536	33,936
Total Bank Deposits and Investments				<u>\$ 20,438,254</u>	<u>\$ 3,075,059</u>

***Defined Contribution Pension Plan Investments***

Participants in this Plan, including all District employees, self-direct investments from a variety of mutual funds offered through the ICMA Retirement Corporation. Accordingly, the District has not adopted an investment policy for this Plan. Defined Contribution Pension Plan investments, other than mutual funds in equity securities, were as follows at September 30, 2012:

Fund/Investment	Type	Credit Quality	Weighted Average Maturity (years)	Fair Value
PIMCO High Yield Fund	Fixed Income	Not Rated	4.40	\$ 32,585
Core Bond Index Fund	Fixed Income	AA	6.50	2,256,467
Low Duration Bond Fund	Fixed Income	A	2.50	805,546
Total Fixed				<u>\$ 3,094,598</u>
Plus Fund	Stable Value	AA	3.70	<u>\$ 1,536,384</u>
Cash Management Fund	Money Market	AAAm	47 days	<u>\$ 17,977</u>

**ORANGE COUNTY LIBRARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended September 30, 2012**

**Note 2 – Deposits and investments (continued)**

***Money Purchase Pension Plan Investments***

Participants in this Plan self-direct investments from a variety of mutual funds offered through the ICMA Retirement Corporation. Accordingly, the District has not adopted an investment policy for this Plan. Money Purchase Pension Plan investments, other than mutual funds in equity securities, were as follows at September 30, 2012:

Fund/Investment	Type	Credit Quality	Weighted Average Maturity (years)	Fair Value
PIMCO High Yield Fund	Fixed Income	Not Rated	4.40	\$ 4,654
PIMCO Total Return Fund	Fixed Income	Not Rated	5.90	2,724
Core Bond Index Fund	Fixed Income	AA	6.50	193,687
Low Duration Bond Fund	Fixed Income	A	2.50	16,642
Total Fixed				<u>\$ 217,707</u>
Plus Fund	Stable Value	AA	3.70	<u>\$ 183,722</u>
Cash Management Fund	Money Market	AAAm	47 days	<u>\$ 8,899</u>

***Defined Benefit Pension Plan Investments***

Investments in the Plan are managed in accordance with an Investment Policy Statement (Statement). This Statement sets the following guidelines: 40% for domestic equity securities, 25% for foreign equity securities and 35% for fixed income and cash securities. The Statement authorizes investments in domestic equities, mutual funds, stable value accounts, money market funds, corporate bonds, real estate investment trusts, exchange traded funds, commingled funds, and cash equivalent accounts.

The Statement states that the average credit quality of the fixed income portfolio shall be AA- or higher and the average rating of the mortgage portion of the portfolio must hold a credit rating of at least AA. As a means of limiting its exposure to interest rate risk, the Statement states that the average duration of the fixed income portfolio shall be less than 150% of the duration of the Barclays Capital aggregate Bond Index. Defined Benefit Pension Plan deposits and investments, other than mutual funds in equity securities, were as follows at September 30, 2012:

**ORANGE COUNTY LIBRARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended September 30, 2012**

**Note 2 – Deposits and investments (continued)**

Fund/Investment	Type	Average Credit Quality	Weighted Average Maturity (years)	Fair Value
Fidelity Institutional Domestic	Money Market	AAAm	50 days	\$ 255,893
Reams Individual Securities	Corporate Bonds	A3	1.21	\$ 2,946,516
Reams Individual Securities	Government Bonds	Aaa	0.96	\$ 6,650,404
Reams Individual Securities	Asset Backed Securities	Aaa	0.66	\$ 2,782,163
Dreyfus Treasury & Agency Cash Mgt	Money Market	AAAm	50 days	\$ 1,277,260

***OPEB Retirement Health Benefit Plan Investments***

Investments in the Plan are managed in accordance with an Investment Policy Statement (Statement). The Statement sets the following guidelines: 70% for domestic and foreign equity securities and 30% for fixed income and cash securities. The Statement authorizes investments in domestic and foreign equities, mutual funds, stable value accounts, corporate bonds, real estate investments trusts, exchange traded funds, comingled funds, and cash equivalents. The Plan is completely funded by the District. The OPEB Retirement Health Benefit Plan investments, other than mutual funds in equity securities, were as follows at September 30, 2012:

Fund/Investment	Type	Credit Quality	Weighted Average Maturity (years)	Fair Value
Core Bond Index Fund	Fixed Income	AA	6.50	\$ 1,196,183
Low Duration Bond Fund	Fixed Income	A	2.50	738,063
				\$ 1,934,246

Due to the nature of the District's investments, there is no exposure to custodial credit risk, concentration of credit risk or foreign currency risk.

**ORANGE COUNTY LIBRARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended September 30, 2012**

**Note 3 – Capital assets**

Capital asset activity for the year ended September 30, 2012, was as follows:

	<u>Balances</u> <u>Oct. 01, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances</u> <u>Sept. 30, 2012</u>
<b>Governmental activities:</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 3,349,802	\$ -	\$ -	\$ 3,349,802
Construction in progress	90,381	98,250	-	188,631
Total capital assets not being depreciated	<u>3,440,183</u>	<u>98,250</u>	<u>-</u>	<u>3,538,433</u>
<i>Capital assets being depreciated:</i>				
Buildings	29,794,734	-	-	29,794,734
Improvements	10,438,154	77,680	(43,598)	10,472,236
Furniture and equipment	3,273,654	68,295	(19,946)	3,322,003
Computer equipment	2,934,034	189,744	(22,390)	3,101,388
Total capital assets being depreciated	<u>46,440,576</u>	<u>335,719</u>	<u>(85,934)</u>	<u>46,690,361</u>
Less accumulated depreciation for:				
Buildings	13,388,383	706,633	-	14,095,016
Improvements	3,988,095	674,048	(41,530)	4,620,613
Furniture and equipment	2,027,029	256,627	(9,773)	2,273,883
Computer equipment	2,498,593	210,240	(22,390)	2,686,443
Total accumulated depreciation	<u>21,902,100</u>	<u>1,847,548</u>	<u>(73,693)</u>	<u>23,675,955</u>
Total capital assets being depreciated, net	<u>24,538,476</u>	<u>(1,511,829)</u>	<u>(12,241)</u>	<u>23,014,406</u>
Governmental activities capital assets, net	<u>\$ 27,978,659</u>	<u>\$ (1,413,579)</u>	<u>\$ (12,241)</u>	<u>\$ 26,552,839</u>

**ORANGE COUNTY LIBRARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended September 30, 2012**

**Note 4 – Operating Lease**

During fiscal year 2012, the District (Lessor) entered into a lease agreement with the U.S. Government, (Army) to use the Chickasaw building. The operating lease covers a one year term, with four (4) one year options to renew. The lease agreement includes annual increases of 3% to cover the anticipated effects of inflation, including monthly payment amounts of \$19,283 plus amounts for utilities, janitorial, taxes and maintenance of the facility.

The lease started on May 1, 2012 and the Library received monthly payments in fiscal year 2012, totaling \$105,989.

**Note 5 - Long-term debt**

Long-term debt consists of the following at September 30, 2012:

Accrued compensated absences- due within one year	\$ 724,045
Accrued compensated absences- due beyond one year	504,048
Net pension obligation- due beyond one year	100,615
Total long-term debt- due beyond one year	<u>604,663</u>
 Total long-term debt	 <u><u>\$ 1,328,708</u></u>

A summary of changes in long-term debt, other than changes related to the net pension obligation discussed in Note 8, is as follows:

	<u>Balance October 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2012</u>	<u>Due Within One Year</u>
Accrued compensated absences	\$ 1,270,475	\$ 937,106	\$ 979,488	\$ 1,228,093	\$ 724,045

The General Fund liquidates accrued compensated absences.

**ORANGE COUNTY LIBRARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended September 30, 2012**

**Note 6 – Interfund Balances**

The balance of \$70,540 due from the OPEB Fund to the Internal Service Fund represents a short term liability for health insurance premiums for retirees.

**Note 7 – Commitments**

***Leasing arrangements***

The District leases various facilities for branch libraries which are accounted for as operating leases and expire over the next ten years. These leases include various renewal options. The District also contracts annually to lease books and other materials.

The following is a schedule by year of minimum future rentals on noncancellable operating lease agreements as of September 30, 2012:

Year Ending September 30,	
2013	\$ 1,062,592
2014	796,208
2015	663,390
2016	631,514
2017	536,108
2018-2020	977,357
	<hr/>
Total minimum future rentals	<u>\$ 4,667,169</u>

Total lease expenditures for the year ended September 30, 2012 were \$1,678,745, of which \$1,005,356 was for facilities and \$673,389 was for books and other materials leasing.



**ORANGE COUNTY LIBRARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended September 30, 2012**

**Note 8 - Pension plans**

***Defined Benefit Pension Plan***

Plan description - The District administers a single employer, defined benefit pension plan (Defined Benefit Pension Plan for Employees of the Orange County Library District) (the Plan) covering full-time employees hired on or prior to December 31, 2006. Eligibility for vesting begins on date of hire, whereas benefit accrual begins after one year of service. Plan provisions and contribution requirements are established and outlined in the Plan document, which may be amended by the District's Board of Trustees. Separate, stand-alone financial statements for the Plan are not prepared.

At January 1, 2012, the date of the latest actuarial valuation, Plan participation consisted of:

Retirees and beneficiaries receiving benefits	114
Terminated employees entitled to benefits but not yet receiving them	54
Current active employees	137
Total Plan Participants	305

Funding Policy and Contributions - The District is obligated by the Plan document to make periodic contributions, which are recognized in the period that they are due and the employer has made a final commitment to provide the contributions. The required contributions are actuarially determined and include normal costs. Employer contribution rates are determined using the frozen entry age actuarial cost method.

The Annual Required Contribution (ARC) is calculated as the normal cost plus the amount necessary to fully amortize the unfunded frozen actuarial liability by January 1, 2020, amounting to \$1,141,821 or 20% of covered payroll for the year ending September 30, 2012. Employees do not make contributions to the plan. The schedule of Employer Contributions, presented as required supplementary information following the notes to the financial statements, presents multi-year information about the contributions made by the District for the last six years.

Annual Pension Cost and Net Pension Obligation - The following table shows the components of the Plan's annual cost, the amount actually contributed, and the changes in the Net Pension Obligation as of September 30, 2012.

Annual Required Contribution (ARC)	\$ 1,141,821
Interest on Net Pension Obligation	4,635
Adjustment to ARC	(5,686)
Annual Pension Cost	1,140,770
Contributions Made	1,106,367
Increase in Net Pension Obligation	34,403
Net Pension Obligation - Beginning of Year	66,212
Net Pension Obligation - End of Year	\$ 100,615

**ORANGE COUNTY LIBRARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended September 30, 2012**

**Note 8 - Pension plans (continued)**

The General Fund liquidates the Net Pension Obligation.

The net pension obligation of \$100,615 is presented as a liability on the District's entity-wide financial statements.

<b>Fiscal Year Ending</b>	<b>Pension Cost (APC)</b>	<b>of APC Contributed</b>	<b>Net Pension Obligation</b>
9/30/2010	\$ 1,220,118	117%	\$ 235,716
9/30/2011	\$ 887,247	119%	\$ 66,212
9/30/2012	\$ 1,140,770	97%	\$ 100,615

Payment of benefits and refunds – Benefits and refunds paid to participants are recorded when due and payable in accordance with the terms of the Plan document.

Administrative costs – Administrative expenses are financed through investment earnings.

Funded status and funding progress – The most recent actuarial report for the Plan was prepared as of January 1, 2012. As of this point in time, the actuarial accrued liability for benefits was \$36,196,518 and the actuarial value of investments was \$32,747,770, resulting in an unfunded actuarial accrued liability of \$3,448,748 and a funded ratio of 90%. The annual covered payroll was \$5,634,242 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 61%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and mortality trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**ORANGE COUNTY LIBRARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended September 30, 2012**

**Note 8 - Pension plans (continued)**

Actuarial methods and assumptions – The following is a summary of actuarial methods and assumptions used in the latest actuarial valuation.

Valuation date	January 1, 2012
Actuarial cost method	Frozen entry age
Amortization method	Level percent of payroll, open period
Amortization period	10 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.0%
Projected salary increases	5.0%
Inflation rate	0.0%
Cost of living adjustments	2.0% per annum
Mortality table	1994 Group Annuity Mortality Table

***Defined Contribution Pension Plan***

Plan description - The District administers a single employer, defined contribution pension plan ((Defined Contribution Plan and Trust for Employees of Orange County Library District (as amended and restated effective January 1, 2002 with subsequent amendments thereto)) (the Defined Contribution Plan) in lieu of participation in Social Security. Plan provisions and contribution requirements are established and outlined in the Defined Contribution Plan document, which may be amended by the District’s Board of Trustees. Separate, stand-alone financial statements for the Defined Contribution Plan are not prepared.

All employees are eligible to participate in the Defined Contribution Plan from date of hire. At September 30, 2012, there were 351 participants and the fair value of the Defined Contribution Plan investments was \$15,298,640.

Contributions - The District is obligated by the Defined Contribution Plan document to make contributions equal to seven and one-half percent (7.5%) of the Annual Compensation of each member. For the year ended September 30, 2012, the District contributed \$902,842 to the Defined Contribution Plan. Such contributions from the District are recognized as revenue by the Defined Contribution Plan when due and the employer has made a final commitment to provide the contributions. The amounts credited to the accounts of employees shall be 100% vested at all times.

**ORANGE COUNTY LIBRARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended September 30, 2012**

**Note 8 - Pension plans (continued)**

Payment of benefits – Benefits paid to participants are recorded when due and payable in accordance with the terms of the Defined Contribution Plan document.

Administrative costs – Administrative costs are financed through investment earnings.

***Money Purchase Pension Plan***

Plan description – The District administers a single employer defined contribution plan (Money Purchase Plan and Trust for Employees of the Orange County Library District) (the Money Purchase Plan) for full time employees hired on or after January 1, 2007. In addition to new hires, existing participants in the District's Defined Benefit Pension Plan were given a one time opportunity to freeze their benefits in that plan and begin participating in the Money Purchase Plan. Sixty-six participants in the Defined Benefit Pension Plan made this election in May 2007.

Plan provisions and contribution requirements are established and outlined in the Money Purchase Plan document, which may be amended by the District's Board of Trustees. Separate, stand-alone financial statements for the Money Purchase Plan are not prepared.

Employees are eligible to participate in the Money Purchase Plan from date of hire. At September 30, 2012, there were 88 participants and the fair value of the Money Purchase Plan investments was \$2,082,583.

Contributions – The District is obligated by the Money Purchase Plan document to make contributions equal to nine percent (9%) of Annual Compensation of each member. For the year ended September 30, 2012, the District contributed \$333,138 to the Money Purchase Plan. Such contributions from the District are recognized as revenue by the Money Purchase Plan when due and when the employer has made a final commitment to provide contributions. Participants become fully vested in the District's contributions after one year from date of hire.

Payment of benefits- Benefits paid to participants are recorded when due and payable in accordance with the terms of the Money Purchase Plan document.

Administrative costs- Administrative costs are financed through investment earnings.

**ORANGE COUNTY LIBRARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended September 30, 2012**

**Note 9 – Other Postemployment Benefit Plan**

Plan Description – The District administers a single-employer defined benefit other postemployment benefit plan (OPEB Plan) and can amend the benefit provisions. In accordance with its Employee Handbook and Collective Bargaining Agreement (CBA), the District provides health care insurance coverage and a limited life insurance benefit to those employees who retire under the terms of the District's Defined Benefit Pension Plan on or after attaining age 55 with at least 10 years of service.

In accordance with State Law, all retiring employees must be provided access to the District's group health insurance coverage. For non CBA retirees hired prior to January 1, 2007, the District pays the entire cost of this coverage. Non CBA retirees hired after this date pay the full cost of the coverage should they elect this benefit. For CBA retirees hired prior to December 10, 2004, the District pays a fixed reimbursement with the balance of the cost of the District's group coverage being paid by the retiree. CBA retirees who retired before October 10, 2008 also have the option of obtaining independent health coverage and receiving the fixed reimbursement. Dependents of retirees may be covered at the retirees' option the same as dependents of active employees (retirees pay the full cost).

Non CBA retirees are eligible to participate in the District's dental plan just like current employees. There is no additional subsidy towards the dental insurance for retirees of the CBA and they would be required to pay the entire premium (\$28 per month) should they elect this benefit.

\$1,000 of life insurance is provided to all retirees.

As of the January 1, 2012 Actuarial Report, which is the most recent actuarial valuation, 204 employees were participants in the OPEB Plan and 105 retirees were receiving benefits.

In March 2007, the District established a qualifying trust and began funding its OPEB Plan obligation. Separate stand-alone financial statements for the trust are not prepared.

Funding Policy - The District has the authority to establish and amend the funding policy for its OPEB Plan. For the year ended September 30, 2012, the District contributed \$1,332,116, which was the annual required contribution per the January 1, 2012 Actuarial Report for the OPEB Plan and an additional \$300,000 from the Internal Service Fund. It is the District's intent to base future contributions on the ARC in subsequent annual actuarial reports.

Contributions - OPEB Plan member contributions are recognized in the period that they are due. Employer contributions to the OPEB Plan are recognized as revenue when due and the employer has made a final commitment to provide the contributions. The Schedule of Employer Contributions, presented as required supplementary information following the notes to the financial statements, presents multi-year information about the contributions made by the District for the last six years.

If CBA retirees elect to participate in the District's group health insurance coverage, they are responsible for paying the difference between the cost of this coverage (\$637 per month) and the fixed reimbursement, which varies depending on the retirement date. All retirees are responsible for contributing the entire cost of any dependent coverage.

**ORANGE COUNTY LIBRARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended September 30, 2012**

**Note 9 – Other Postemployment Benefit Plan (continued)**

Annual OPEB Plan Cost and Net OPEB Obligation - The cost of the District's OPEB Plan is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of Governmental Accounting Standards Board Statement Number 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liability over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB Plan cost for the year, the amount actually contributed, and the changes in the District's net OPEB Plan asset as of September 30, 2012.

Annual required contribution	\$	1,332,116
Interest on net OPEB asset		-
Adjustment to annual required contribution		-
Annual OPEB Cost (expense)		1,332,116
Contributions Made		1,632,116
Increase in net OPEB asset		300,000
Net OPEB asset - Beginning of year		-
Net OPEB asset - End of year	\$	300,000

The General Fund liquidates any Net OPEB Obligation.

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset
9/30/2010	\$1,392,656	100%	\$0
9/30/2011	\$1,469,302	100%	\$0
9/30/2012	\$1,332,116	123%	\$300,000

Payment of Benefits and Refunds - Benefits and refunds paid to participants are recorded when due and payable in accordance with terms of the OPEB Plan.

Funded status and funding progress - The most recent actuarial report for the District's OPEB Plan was prepared as of January 1, 2012. As of this point in time, the actuarial accrued liability for benefits was \$13,323,648 and the actuarial value of investments was \$6,500,264 resulting in an unfunded actuarial accrued liability of \$6,823,384 and a funded ratio of 49%. The annual covered payroll was \$8,863,278 and the ratio of the unfunded actuarial accrued liability to covered payroll was 77%.

**ORANGE COUNTY LIBRARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended September 30, 2012**

**Note 9 – Other Postemployment Benefit Plan (continued)**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial methods and assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Valuation Date	January 1, 2012
Actuarial cost method	Individual Entry Age Normal Cost Method
Amortization method	Level percent of payroll, closed period
Amortization period	Closed 10 year period
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return	7%
Inflation rate	Included in healthcare cost trend rate
Projected annual salaries increases	4%
Healthcare cost trend rate	Monthly medical and prescription benefits are assumed to increase each year according to the rates in the following table

**ORANGE COUNTY LIBRARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended September 30, 2012**

**Note 9 – Other Postemployment Benefit Plan (continued)**

**Annual Increase Rates**

<u>Year</u>	<u>Medical/Rx</u>	<u>Gross Premium Contribution</u>
2013	8.5%	8.5%
2014	8.0%	8.0%
2015	7.5%	7.5%
2016	7.0%	7.0%
2017	6.5%	6.5%
2018	6.0%	6.0%
2019	5.5%	5.5%
2020	5.0%	5.0%
Thereafter	5.0%	5.0%

**Note 10 – Risk Management**

The District became self-insured for employee health insurance, effective January 1, 2007. As permitted by GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, the District accounts for its self-insured assets, liabilities, net assets and activities in an internal service fund.

The District's health internal service fund covered claims up to \$170,000 per individual. The District purchased excess stop loss coverage on an individual basis where individual claims exceeded the \$170,000 limit.

The claims liability of \$96,537 reported in the Internal Service Fund is the actuarially determined undiscounted amount. The estimated liability is based upon actual claims that have been submitted as well as actuarially determined claims incurred but not reported. Changes to the claims liability since the year ended September 30, 2010 are as follows:

<u>Fiscal Year Ended</u>	<u>Balance October 1</u>	<u>Additions</u>	<u>Claim Payments</u>	<u>Balance September 30</u>
9/30/2011	\$ 105,836	\$ 1,553,680	\$ (1,565,228)	\$ 94,288
9/30/2012	\$ 94,288	\$ 1,809,014	\$ (1,806,765)	\$ 96,537

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. In fiscal year 2012, the District contracted with various companies for insurance coverage. The companies provided coverage for workers compensation, property, liability, flood, public officials, fiduciary (pension), and employment practices. Settlements have not exceeded insurance coverage for each of the past three years.



**ORANGE COUNTY LIBRARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended September 30, 2012**

**Note 11 – Property Taxes**

Under Florida law, the assessment of all properties and the collections of all property taxes are provided by Orange County's Property Appraiser and Tax Collector, who are elected officials. Ad valorem property taxes levied in September 2012 are for the purpose of financing the budget of the 2013 fiscal year. Property tax revenues recognized for the 2012 fiscal year were levied in September 2011.

The State legislative act, which established the District, permits the District to levy taxes up to 1 mill of assessed valuation for operating. The District's Governing Board establishes the tax levy for the District, which included a Millage rate levied of .3748 mills for operating for the fiscal year ended September 30, 2012.

Key dates in the property tax cycle for revenues recognized in fiscal year 2012 include the following:

Lien date	January 1, 2011
Property taxes levied	September 22, 2011
Beginning of fiscal year for which taxes have been levied	October 1, 2011
Tax bills rendered	November 1, 2011
Property taxes payable:	
Maximum discount (latest date)	November 30, 2011
Delinquent	April 1, 2012
Tax certificates sold on unpaid taxes	May 31, 2012

**REQUIRED SUPPLEMENTARY INFORMATION**

**ORANGE COUNTY LIBRARY DISTRICT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual - General Fund**  
**Year Ended September 30, 2012**

	Original and Final Budgeted Amounts	Budgetary Basis Actual Amounts	Variance with Final Budget- Positive (Negative)
<b>Revenues:</b>			
Taxes:			
Property	\$ 27,027,901	\$ 27,515,072	\$ 487,171
Intergovernmental revenues:			
State Aid to Libraries	750,000	855,186	105,186
Federal Grants	253,000	294,799	41,799
Charges for services:			
Fines	1,450,000	1,357,960	(92,040)
Copiers/vending machines	185,000	200,715	15,715
Other fees	164,600	182,169	17,569
Miscellaneous revenue:			
Investment income	35,000	24,741	(10,259)
Contributions	80,000	1,091,717	1,011,717
Operating lease	2,500	107,458	104,958
Other	29,000	364,993	335,993
<b>Total revenues</b>	<u>29,977,001</u>	<u>31,994,810</u>	<u>2,017,809</u>
<b>Expenditures:</b>			
Current:			
Salaries and benefits	18,677,065	17,867,066	809,999
Operating	9,503,500	8,465,291	1,038,209
Capital outlay	5,010,100	5,087,853	(77,753)
<b>Total expenditures</b>	<u>33,190,665</u>	<u>31,420,210</u>	<u>1,770,455</u>
<b>Revenues over (under) expenditures</b>	<u>(3,213,664)</u>	<u>574,600</u>	<u>3,788,264</u>
<b>Other financing sources:</b>			
Transfers from constitutional officers	340,500	332,249	(8,251)
<b>Total other financing sources</b>	<u>340,500</u>	<u>332,249</u>	<u>(8,251)</u>
<b>Net change in fund balance</b>	<u>\$ (2,873,164)</u>	<u>906,849</u>	<u>\$ 3,780,013</u>
<b>Fund balance at beginning of year</b>		<u>14,136,654</u>	
<b>Fund balance at end of year</b>		<u>\$ 15,043,503</u>	

**Note:** The above schedule presentation differs from the governmental fund financial statements in that the above transfers from constitutional officers are netted against operating expenditures in the governmental fund financial statements.

**ORANGE COUNTY LIBRARY DISTRICT  
Defined Benefit Pension Plan  
Year Ended September 30, 2012**

**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Frozen Entry Age (b)</b>	<b>Overfunded (Unfunded) AAL (UAAL) (a - b)</b>	<b>Funded Ratio (a / b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll [(a - b) / c]</b>
1/1/2007	\$ 28,683,187	\$ 28,326,919	\$ 356,268	101%	\$ 9,331,114	4%
1/1/2008	\$ 31,448,331	\$ 29,877,851	\$ 1,570,480	105%	\$ 7,595,557	21%
1/1/2009	\$ 23,147,672	\$ 31,872,193	\$ (8,724,521)	73%	\$ 7,612,281	(115%)
1/1/2010	\$ 29,887,954	\$ 33,275,233	\$ (3,387,279)	90%	\$ 6,445,574	(53%)
1/1/2011	\$ 33,695,627	\$ 34,284,782	\$ (589,155)	98%	\$ 6,104,311	(10%)
1/1/2012	\$ 32,747,770	\$ 36,196,518	\$ (3,448,748)	90%	\$ 5,634,242	(61%)

**Schedule of Employer Contributions**

<b>Year Ended September 30</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>	
2007	\$ 1,217,763	87%	*
2008	\$ 931,296	108%	*
2009	\$ 1,844,299	65%	*
2010	\$ 1,226,649	117%	*
2011	\$ 891,426	119%	*
2012	\$ 1,141,821	97%	*

\* Plan on a calendar year. The District made its required contribution based on the calendar year, except for 2009.

**ORANGE COUNTY LIBRARY DISTRICT  
Other Postemployment Benefits (OPEB)  
Year Ended September 30, 2012**

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2007	\$0	\$8,795,452	\$8,795,452	0%	\$9,861,900	89%
1/1/2008	\$1,774,526	\$8,707,308	\$6,932,782	20%	\$10,432,375	66%
1/1/2009	\$2,279,171	\$10,828,223	\$8,549,052	21%	\$11,267,371	75%
1/1/2010	\$3,752,368	\$12,718,657	\$8,966,289	30%	\$10,073,519	89%
1/1/2011	\$5,310,458	\$13,104,739	\$7,794,281	41%	\$9,257,137	84%
1/1/2012	\$6,500,264	\$13,323,648	\$6,823,384	49%	\$8,863,278	77%

**Schedule of Employer Contributions**

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset
9/30/2007	\$1,624,422	100%	\$0
9/30/2008	\$1,627,892	100%	\$0
9/30/2009	\$1,124,658	100%	\$0
9/30/2010	\$1,392,656	100%	\$0
9/30/2011	\$1,469,302	100%	\$0
9/30/2012	\$1,332,116	123%	\$300,000

The District started funding OPEB in fiscal year 2007.

**OTHER SUPPLEMENTARY INFORMATION**

**ORANGE COUNTY LIBRARY DISTRICT**  
**Combining Statement of Fiduciary Net Assets-**  
**Pension and Other Postemployment Benefit Trust Funds**  
**September 30, 2012**

	<u>Defined Benefit</u>	<u>Defined Contribution</u>	<u>Money Purchase</u>	<u>OPEB</u>	<u>Total</u>
<b>Assets</b>					
Cash and cash equivalents	\$ 255,893	\$ -	\$ -	\$ 181,645	\$ 437,538
Investments:					
Individual securities:					
Domestic equities (large cap)	8,768,225	-	-	-	8,768,225
Corporate bonds	2,946,516	-	-	-	2,946,516
Government bonds	6,650,404	-	-	-	6,650,404
Asset backed securities	2,782,163	-	-	-	2,782,163
Commingled accounts:					
Domestic equities (small cap)	5,978,696	-	-	-	5,978,696
International equities	6,697,910	-	-	-	6,697,910
Mutual funds:					
Domestic equity	-	8,753,607	1,353,148	4,554,547	14,661,302
International equity	-	1,896,074	319,107	1,300,114	3,515,295
Stable value	-	1,536,384	183,722	-	1,720,106
Fixed income	-	3,094,598	217,707	1,934,246	5,246,551
Real Estate	1,203,416	-	-	-	1,203,416
Money market accounts	1,277,260	17,977	8,899	-	1,304,136
Total Investments	<u>36,304,590</u>	<u>15,298,640</u>	<u>2,082,583</u>	<u>7,788,907</u>	<u>61,474,720</u>
Accrued income	54,282	-	-	-	54,282
Due from Brokers (pending trades)	1,948,422	-	-	-	1,948,422
<b>Total assets</b>	<u>\$ 38,563,187</u>	<u>\$ 15,298,640</u>	<u>\$ 2,082,583</u>	<u>\$ 7,970,552</u>	<u>\$ 63,914,962</u>
<b>Liabilities</b>					
Due to Brokers (pending trades)	\$ 3,082,727	\$ -	\$ -	\$ -	\$ 3,082,727
Accounts Payable	68,034	-	-	-	68,034
Due to other fund	-	-	-	70,540	70,540
<b>Total liabilities</b>	<u>\$ 3,150,761</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,540</u>	<u>\$ 3,221,301</u>
<b>Net assets</b>					
Held in trust for pension and other postemployment benefits	<u>\$ 35,412,426</u>	<u>\$ 15,298,640</u>	<u>\$ 2,082,583</u>	<u>\$ 7,900,012</u>	<u>\$ 60,693,661</u>

**ORANGE COUNTY LIBRARY DISTRICT**  
**Combining Statement of Changes in Fiduciary Net Assets-**  
**Pension and Other Postemployment Benefit Trust Funds**  
**Year Ended September 30, 2012**

	<u>Defined Benefit</u>	<u>Defined Contribution</u>	<u>Money Purchase</u>	<u>OPEB</u>	<u>Total</u>
<b>Additions:</b>					
Employer contributions	\$ 1,106,367	\$ 902,842	\$ 333,138	\$ 1,332,116	\$ 3,674,463
Contribution from Internal Service Fund	-	-	-	300,000	300,000
Investment gain (net of investment expenses)	5,028,550	2,081,886	317,801	1,213,379	8,641,616
<b>Total additions</b>	<u>6,134,917</u>	<u>2,984,728</u>	<u>650,939</u>	<u>2,845,495</u>	<u>12,616,079</u>
<b>Deductions:</b>					
Benefits paid to participants	1,435,686	609,592	147,317	502,211	2,694,806
Administrative expenses	14,658	454	133	-	15,245
<b>Total deductions</b>	<u>1,450,344</u>	<u>610,046</u>	<u>147,450</u>	<u>502,211</u>	<u>2,710,051</u>
<b>Increase in net assets</b>	4,684,573	2,374,682	503,489	2,343,284	9,906,028
<b>Net assets - beginning of year</b>	<u>30,727,853</u>	<u>12,923,958</u>	<u>1,579,094</u>	<u>5,556,728</u>	<u>50,787,633</u>
<b>Net assets - end of year</b>	<u>\$ 35,412,426</u>	<u>\$ 15,298,640</u>	<u>\$ 2,082,583</u>	<u>\$ 7,900,012</u>	<u>\$ 60,693,661</u>



**ORANGE COUNTY LIBRARY DISTRICT**  
**Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balance - Budget and Actual - Capital Projects Fund**  
**Year Ended September 30, 2012**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Revenues:</b>			
Miscellaneous revenue:			
Investment income	\$ 10,000	\$ 5,275	\$ (4,725)
<b>Total revenues</b>	<u>10,000</u>	<u>5,275</u>	<u>(4,725)</u>
<b>Revenues over (under) expenditures</b>	<u>10,000</u>	<u>5,275</u>	<u>(4,725)</u>
<b>Net change in fund balance</b>	<u>\$ 10,000</u>	5,275	<u>\$ (4,725)</u>
<b>Fund balance at beginning of year</b>		<u>5,971,754</u>	
<b>Fund balance at end of year</b>		<u>\$ 5,977,029</u>	

**ORANGE COUNTY LIBRARY DISTRICT**  
**Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balance - Budget and Actual - Capital Projects Sinking Fund**  
**Year Ended September 30, 2012**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Revenues:</b>			
Miscellaneous revenue:			
Investment Income	\$ 900	\$ 432	\$ (468)
<b>Total revenues</b>	<u>900</u>	<u>432</u>	<u>(468)</u>
<b>Revenues over (under) expenditures</b>	<u>900</u>	<u>432</u>	<u>(468)</u>
<b>Net change in fund balance</b>	<u>\$ 900</u>	<u>432</u>	<u>\$ (468)</u>
<b>Fund balance at beginning of year</b>		<u>489,003</u>	
<b>Fund balance at end of year</b>		<u>\$ 489,435</u>	

**STATISTICAL SECTION**

# ORANGE COUNTY LIBRARY DISTRICT

## STATISTICAL SECTION

The Statistical Section of the Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and the required supplementary information says about the District's overall financial health.

<u>Contents</u>	<u>Pages</u>
<b>Financial Trends</b>	<b>51 - 55</b>
These schedules contain trend information to help the reader understand how the District's financial performance and position have changed over time.	
<b>Revenue Capacity</b>	<b>56 - 59</b>
These schedules contain information to help the reader assess the factors affecting the District's ability to generate property taxes.	
<b>Debt Capacity</b>	<b>60 - 64</b>
These schedules present information to help the reader assess the affordability of the District's current levels of debt and the District's ability to issue additional debt in the future.	
<b>Demographic and Economic Information</b>	<b>65 - 66</b>
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
<b>Operating Information</b>	<b>67 - 69</b>
These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

# ORANGE COUNTY LIBRARY DISTRICT

## NET ASSETS GOVERNMENTAL ACTIVITIES LAST TEN FISCAL YEARS

(accrual basis of accounting)

FISCAL YEAR	INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	RESTRICTED	UNRESTRICTED	TOTAL
2012	\$ 26,552,839	\$ 1,157,517 (1)	\$ 22,373,543	\$ 50,083,899
2011	27,978,659	157,517	22,212,296	50,348,472
2010	29,547,695	157,517	20,860,243	50,565,455
2009	30,063,585	568,658	18,693,943	49,326,186
2008	29,497,270	678,837	16,595,591	46,771,698
2007	30,426,045	659,791	10,848,598	41,934,434
2006	27,391,537	635,473	8,132,833	36,159,843
2005	25,748,690	832,649	5,996,863	32,578,202
2004	23,259,194	669,323	7,055,396	30,983,913
2003	20,283,069	697,707	8,805,851	29,786,627

(1) Includes \$1,000,000 Melrose Family Foundation Gift received in FY 2012.

**ORANGE COUNTY LIBRARY DISTRICT**

**CHANGES IN NET ASSETS  
GOVERNMENTAL ACTIVITIES  
LAST TEN FISCAL YEARS**

(accrual basis of accounting)

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Program Expenses</b>										
Salaries and benefits	\$ 17,859,087	\$ 18,137,533	\$ 19,985,436	\$ 22,350,593	\$ 20,758,381	\$ 19,890,891	\$ 16,079,495	\$ 15,193,049	\$ 13,977,717	\$ 13,385,779
Operating	7,904,571	7,456,834	8,003,829	8,548,878	8,469,378	8,869,389	8,145,640	7,606,963	6,584,867	6,123,000
Materials	4,653,884	4,458,761	4,790,414	5,043,870	4,980,166	4,503,630	4,298,390	4,457,556	4,530,088	4,337,391
Depreciation	1,847,548	1,888,744	1,905,805	1,820,151	1,862,506	1,839,337	1,869,409	1,557,813	1,415,935	1,229,646
Interest	-	-	2,197	22,781	35,233	47,283	112,945	174,833	225,755	316,915
Total Expenses	\$ 32,265,090	\$ 31,941,872	\$ 34,687,681	\$ 37,786,273	\$ 36,105,664	\$ 35,150,530	\$ 30,325,879	\$ 28,990,214	\$ 26,734,362	\$ 25,392,731
<b>Program Revenues</b>										
Charges for services	\$ 1,740,844	\$ 1,921,219	\$ 1,927,773	\$ 2,086,207	\$ 1,984,315	\$ 1,957,301	\$ 1,945,748	\$ 1,706,122	\$ 1,250,789	\$ 1,007,974
Operating grants & contrib.	1,343,216	1,299,721	1,205,780	1,316,954	1,414,164	1,922,030	1,612,926	2,057,694	1,866,974	2,010,447
Capital grants & contrib.	1,000,000	-	-	-	-	-	73,500	38,000	336,200	257,000
Total Program Revenues	\$ 4,084,060	\$ 3,220,940	\$ 3,133,553	\$ 3,403,161	\$ 3,398,479	\$ 3,879,331	\$ 3,632,174	\$ 3,801,816	\$ 3,453,963	\$ 3,275,421
<b>Total Net (Exp.)/Rev.</b>	\$ (28,181,030)	\$ (28,720,932)	\$ (31,554,128)	\$ (34,383,112)	\$ (32,707,185)	\$ (31,271,199)	\$ (26,693,705)	\$ (25,188,398)	\$ (23,280,399)	\$ (22,117,310)
<b>General Revenues</b>										
Property Taxes	\$ 27,515,072	\$ 28,223,502	\$ 32,417,864	\$ 36,323,657	\$ 36,525,939	\$ 35,884,567	\$ 29,256,495	\$ 26,186,515	\$ 24,115,014	\$ 22,949,140
Investment income	30,448	38,982	90,929	308,846	814,950	1,043,794	832,359	430,952	207,627	266,865
Operating Lease	107,458	-	-	-	-	-	-	-	-	-
Miscellaneous	263,479	241,465	284,604	305,097	203,560	117,429	186,492	165,220	155,044	240,441
Total General Revenues	\$ 27,916,457	\$ 28,503,949	\$ 32,793,397	\$ 36,937,600	\$ 37,544,449	\$ 37,045,790	\$ 30,275,346	\$ 26,782,687	\$ 24,477,685	\$ 23,456,446
<b>Change in Net Assets</b>	\$ (264,573)	\$ (216,983)	\$ 1,239,269	\$ 2,554,488	\$ 4,837,264	\$ 5,774,591	\$ 3,581,641	\$ 1,594,289	\$ 1,197,286	\$ 1,339,136

# ORANGE COUNTY LIBRARY DISTRICT

## FUND BALANCES GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS (modified accrual basis of accounting)

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>General Fund:</b>										
Nonspendable:										
Inventory	\$ 296,003	\$ 299,161	\$ 310,269	\$ 337,437	\$ 267,592	\$ 278,122	\$ 224,512	\$ 186,354	\$ 353,745	\$ 202,537
Prepaid Items	141,907	132,375	153,717	161,841	496,427	133,720	386,135	135,724	109,137	136,042
Annetta O' B Walker Trust Fund	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
A.P. Phillips Jr. Memorial Fund	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Perce C. & Mary M. Gullet Mem Fund	19,805	19,805	19,805	19,805	19,805	19,805	19,805	19,805	19,805	19,805
Willis H. Warner Memorial Fund	33,712	33,712	33,712	33,712	33,712	33,712	33,712	33,712	33,712	33,712
Restricted For:										
Kendrick Meirose Family Foundation	1,000,000	-	-	-	-	-	-	-	-	-
Committed To:										
Strategic Plan	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Edmund L. Murray Estate Fund	724,689	724,689	724,689	724,689	724,689	724,689	537,268	532,922	380,491	380,491
Arthur Sondheim Estate Fund	39,941	39,941	39,941	39,941	39,941	39,941	39,941	39,941	39,941	39,941
Vivian Esch Estate Fund	44,198	44,198	44,198	-	-	-	-	-	-	-
Assigned To:										
Fiscal Year 2013 Budget	4,330,982	-	-	-	-	-	-	-	-	-
Unassigned:	4,308,266	8,738,773	8,081,586	6,723,869	4,629,989	4,289,697	3,483,932	2,387,605	3,184,017	4,294,410
<b>Total General Fund</b>	<b>\$15,043,503</b>	<b>\$14,136,654</b>	<b>\$13,511,917</b>	<b>\$12,145,294</b>	<b>\$10,316,155</b>	<b>\$ 9,623,686</b>	<b>\$ 8,829,305</b>	<b>\$ 7,440,064</b>	<b>\$ 8,224,849</b>	<b>\$ 9,210,939</b>
<b>All Other Governmental Funds</b>										
Restricted for:										
Debt Service	-	-	\$ 9,602	\$ 411,141	\$ 521,320	\$ 502,274	\$ 477,956	\$ 459,294	\$ 442,050	\$ 469,457
Assigned To:										
Capital Projects	6,466,464	6,460,757	6,452,086	6,428,745	6,119,527	2,048,445	314,946	(196,572) (1)	(71,377) (1)	623,643
<b>Total All Other Governmental Funds</b>	<b>\$ 6,466,464</b>	<b>\$ 6,460,757</b>	<b>\$ 6,461,688</b>	<b>\$ 6,839,886</b>	<b>\$ 6,640,847</b>	<b>\$ 2,550,719</b>	<b>\$ 792,902</b>	<b>\$ 262,722</b>	<b>\$ 370,673</b>	<b>\$ 1,093,100</b>

(1) Delay in construction of Winter Garden Branch caused a deficit.

Note: The District implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2011. Fiscal years 2003-2010 amounts have been restated to conform to the new statement requirements.

**ORANGE COUNTY LIBRARY DISTRICT**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
(modified accrual basis of accounting)

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Revenues</b>										
Property Taxes	\$27,515,072	\$28,223,502	\$32,417,864	\$36,323,657	\$36,525,939	\$35,884,567	\$29,256,495	\$26,186,515	\$24,115,014	\$22,949,140
Intergovernmental	1,149,985	1,133,872	1,039,037	1,117,010	1,155,691	1,502,103	1,433,398	1,777,216	2,049,619	2,162,328
Fines	1,357,960	1,537,099	1,604,515	1,753,926	1,745,004	1,713,960	1,702,462	1,457,367	1,022,863	785,124
Charges for Services	382,884	384,120	323,258	332,281	239,311	243,341	243,286	248,755	227,925	222,850
Investment Income	30,448	38,982	90,929	308,846	814,950	1,043,795	832,359	430,952	207,627	266,865
Miscellaneous	1,564,168	407,314	451,347	505,041	462,033	537,356	439,520	483,698	308,599	345,560
<b>Total Revenues</b>	<b>32,000,517</b>	<b>31,724,899</b>	<b>35,926,950</b>	<b>40,340,761</b>	<b>40,942,928</b>	<b>40,925,122</b>	<b>33,907,520</b>	<b>30,584,503</b>	<b>27,931,647</b>	<b>26,731,867</b>
<b>Expenditures</b>										
Salaries & Benefits	\$17,867,066	\$18,288,479	\$20,267,661	\$21,599,561	\$20,849,519	\$19,634,826	\$16,098,868	\$15,190,577	\$13,907,394	\$13,360,281
Operating	8,133,042	8,024,290	8,467,782	9,235,317	9,335,934	9,235,377	8,164,894	7,446,060	6,508,724	5,853,619
Books & Other Materials	4,653,884	4,458,761	4,790,414	5,043,870	4,980,166	4,503,630	4,298,390	4,457,556	4,530,088	4,337,391
Capital Outlay	433,969	329,553	1,010,928	2,024,377	570,038	2,011,235	2,112,489	2,452,707	1,788,595	2,295,441
Capital Projects Outlay	-	-	-	-	15,215	2,578,398	-	266,279	1,244,004	1,044,380
Debt Service	-	-	-	-	-	-	-	-	-	-
Principal	-	-	399,543	386,677	374,226	362,175	1,550,513	1,489,227	1,435,604	1,360,660
Interest	-	-	2,197	22,781	35,233	47,283	112,945	174,833	225,755	316,915
<b>Total Expenditures</b>	<b>31,087,961</b>	<b>31,101,083</b>	<b>34,938,525</b>	<b>38,312,583</b>	<b>36,160,331</b>	<b>38,372,924</b>	<b>32,338,099</b>	<b>31,477,239</b>	<b>29,640,164</b>	<b>28,568,687</b>
Excess of revenues over (under) expenditures	912,556	623,806	988,425	2,028,178	4,782,597	2,552,198	1,569,421	(892,736)	(1,708,517)	(1,836,820)



ORANGE COUNTY LIBRARY DISTRICT

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS, Continued  
 LAST TEN FISCAL YEARS  
 (modified accrual basis of accounting)

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Other Financing Sources (Uses)</b>										
Proceeds from Long Term Debt	-	-	-	-	-	-	-	-	-	2,547,963
Payment of Refunded Note	-	-	-	-	-	-	-	-	-	(2,547,963)
Proceeds from Sale of Capital Asset	-	-	-	-	-	-	350,000	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	350,000	-	-	-
<b>Net Change in Fund Balances</b>	\$ 912,556	\$ 623,806	\$ 988,425	\$ 2,028,178	\$ 4,782,597	\$ 2,552,198	\$ 1,919,421	\$ (892,736)	\$ (1,708,517)	\$ (1,836,820)
Government-wide Capital Outlay	\$ 433,969	\$ 329,553	\$ 1,010,928	\$ 2,003,519	\$ 583,002	\$ 4,517,043	\$ 2,112,489	\$ 2,589,991	\$ 3,007,055	\$ 3,160,072
Non Capital Expenditures	\$30,653,992	\$30,771,530	\$33,927,597	\$36,309,064	\$35,577,329	\$33,855,881	\$30,225,610	\$28,887,248	\$26,633,109	\$25,408,615
Debt Service as percentage of noncapital expenditures	-	-	1.18%	1.13%	1.15%	1.21%	5.50%	5.76%	6.24%	6.60%

**ORANGE COUNTY LIBRARY DISTRICT**  
**TAXABLE ASSESSED VALUE AND ESTIMATED FAIR VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**

Fiscal Year <sup>(1)</sup>	Real Property			Personal Property			Centrally Assessed Property <sup>(2)</sup>			Totals			Ratio of		
	Taxable Assessed Value	Estimated Fair Value	Taxable Assessed Value	Taxable Assessed Value	Estimated Fair Value	Taxable Assessed Value	Estimated Fair Value	Taxable Assessed Value	Estimated Fair Value	Taxable Assessed Value	Estimated Fair Value	Total Assessed Value to Total Est. Fair Value	Total Direct Tax Rate	Total Taxable	
														Assessed Value	Fair Value
2012	\$68,251,144,114	\$92,183,305,123	\$7,674,028,456	\$11,436,287,666	\$20,447,140	\$22,333,097	\$75,945,619,710	\$103,641,925,886				73.28%	0.3748		
2011	75,880,631,329	102,514,330,536	8,128,539,297	11,760,765,118	12,538,415	14,049,385	84,021,709,041	114,289,145,039				73.52%	0.3748		
2010	87,964,627,849	118,873,313,104	8,196,399,075	11,623,461,158	17,078,383	19,436,909	96,178,105,307	130,516,211,171				73.69%	0.3748		
2009	99,393,842,302	138,188,312,094	8,187,176,637	11,585,136,082	15,826,598	17,362,074	107,596,845,537	149,790,810,250				71.83%	0.3748		
2008	99,331,743,328	137,455,006,761	8,294,355,966	11,008,493,071	22,440,350	22,440,350	107,648,539,644	148,485,940,182				72.50%	0.4325		
2007	84,455,418,451	117,214,168,280	7,804,541,783	10,537,383,100	20,180,399	20,180,399	92,280,140,633	127,771,731,779				72.22%	0.4325		
2006	68,137,772,133	91,830,794,159	7,370,875,225	10,082,671,037	20,226,805	20,226,805	75,528,874,163	101,933,692,001				74.10%	0.4352		
2005	55,654,734,693	73,242,699,490	6,938,282,987	9,441,733,518	19,145,121	19,145,121	62,612,162,801	82,703,578,129				75.71%	0.4365		
2004	51,056,799,622	67,459,130,376	6,731,735,649	9,037,810,415	19,064,707	19,064,707	57,807,599,978	76,516,005,498				75.55%	0.4371		
2003	47,494,745,056	63,100,341,645	7,020,897,383	9,596,776,534	14,219,837	14,219,837	54,529,862,276	72,711,338,016				74.99%	0.4383		

(1) Information for FY 2003 - 2011 has been updated from that previously reported to reflect the fiscal year in which associated tax revenue is recognized -e.g., the 2011 tax roll data is reported here for Fiscal Year 2012, as that is the period of collection and revenue recognition.

(2) Centrally Assessed Property Consists of Property Assessed By The State of Florida

Source: Orange County Property Appraiser

## ORANGE COUNTY LIBRARY DISTRICT

### PROPERTY TAX RATES PER \$1,000 OF ASSESSED VALUATION ALL DIRECT AND OVERLAPPING GOVERNMENTS LAST TEN FISCAL YEARS

<u>FISCAL YEAR ENDING SEPTEMBER 30 (1)</u>	<u>LIBRARY DISTRICT (2)</u>	<u>ORANGE COUNTY</u>	<u>SCHOOL BOARD</u>	<u>TOTAL DIRECT AND OVERLAPPING TAX RATES (3)</u>
2012	0.3748	4.4347	8.4780	13.2875
2011	0.3748	4.4347	7.8940	12.7035
2010	0.3748	4.4347	7.8940	12.7035
2009	0.3748	4.4347	7.6780	12.4875
2008	0.3748	4.4347	7.1210	11.9305
2007	0.4325	4.4347	7.1210	11.9882
2006	0.4325	5.1639	7.7610	13.3574
2005	0.4352	5.1639	7.5400	13.1391
2004	0.4365	5.1639	7.8880	13.4884
2003	0.4371	5.1639	7.8780	13.4790

(1) Information is reported based on the fiscal year in which associated tax revenue is recognized- e.g., the 2011 tax roll data is reported here for Fiscal Year 2012, as that is the period of collection and revenue recognition.

(2) This is the Library District's total direct rate. There is only one component in this rate.

(3) The tax rates for other agencies that do not levy a tax on the entire Library District are omitted here.

Source: Orange County Tax Collector

**ORANGE COUNTY LIBRARY DISTRICT**

**PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO**

TAXPAYER	TYPE OF BUSINESS	FISCAL YEAR 2012 <sup>(1)</sup>		FISCAL YEAR 2003 <sup>(1)</sup>	
		ASSESSED VALUE	PERCENTAGE OF TOTAL ASSESSED VALUE	ASSESSED VALUE	PERCENTAGE OF TOTAL ASSESSED VALUE
Walt Disney Company	Tourism	\$ 6,450,000,000	8.49%	\$ 4,852,640,686	8.90%
Universal	Tourism	1,410,000,000	1.86	1,482,905,720	2.72
Marriott	Hotel/Timeshare	1,050,000,000	1.38	270,958,434	0.50
Hilton Corp.	Hotels/Timeshare	899,100,000	1.18		
Progress Energy	Utilities	608,100,000	0.80	334,192,193	0.61
Orange Lake Country Club	Timeshare	599,000,000	0.79		
Rosen Hotels/RH Resorts	Hotels	447,300,000	0.59		
Westgate Resorts	Hotels	436,700,000	0.58		
Wyndham Resorts	Hotels	419,700,000	0.55		
Lockheed Martin	Defense	410,400,000	0.54	244,985,523	0.45
Bellsouth Telecommunications	Communications			382,170,046	0.70
Sprint	Communications			366,915,464	0.67
Agere (formerly Lucent)	Communications			280,483,628	0.51
Sea World	Tourism			250,360,080	0.46
Florida Mall Assoc.	Retail			162,897,024	0.30
Total Top Ten Principal Taxpayers		\$ 12,730,300,000	16.76%	\$ 8,628,508,798	15.82%
Taxable Assessed Value of all other taxpayers		\$ 63,215,319,710	83.24%	\$ 45,901,353,478	84.18%
Total Taxable Assessed Value of all taxpayers		\$ 75,945,619,710	100.00%	\$ 54,529,862,276	100.00%

(1) Information is reported based on the fiscal year in which associated tax revenue is recognized- e.g., the 2011 tax roll data is reported here for Fiscal Year 2012, as that is the period of collection and revenue recognition.

Information For Principal Taxpayers of the District is not available. Instead, principal taxpayers for Orange County, which includes the District, is presented.

Source: Orange County Property Appraiser

**ORANGE COUNTY LIBRARY DISTRICT**

**PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

FISCAL YEAR (1)	COLLECTED WITHIN THE LEVY YEAR		COLLECTIONS IN SUBSEQUENT YEARS		TOTAL COLLECTIONS TO DATE	
	LEVY	AMOUNT	PERCENTAGE OF THE LEVY	YEARS	AMOUNT	PERCENTAGE OF THE LEVY
2012	\$ 28,477,769	\$ 27,339,854	96.00%	122,428	\$ 27,462,282	96.43%
2011	29,342,905	28,128,414	95.86	88,783	28,217,197	96.16
2010	33,642,623	32,260,271	95.89	112,612	32,372,883	96.23
2009	37,785,736	36,207,640	95.82	239,804	36,447,444	96.46
2008	37,840,472	36,287,457	95.90	174,276	36,461,733	96.36
2007	37,271,839	35,606,122	95.53	111,033	35,717,155	95.83
2006	30,413,030	29,116,120	95.74	130,527	29,246,647	96.16
2005	27,265,665	26,036,234	95.49	167,806	26,204,040	96.11
2004	25,250,551	24,013,822	95.10	90,168	24,103,990	95.46
2003	24,037,628	22,849,216	95.06	116,221	22,965,437	95.54

(1) Information is reported based on the fiscal year in which associated tax revenue is recognized- e.g., the 2011 tax roll data is reported here for Fiscal Year 2012, as that is the period of collection and revenue recognition.

Source: Orange County Tax Collector

# ORANGE COUNTY LIBRARY DISTRICT

## RATIOS OF OUTSTANDING DEBT LAST TEN FISCAL YEARS

FISCAL YEAR	GENERAL OBLIGATION BONDS (1)	BANK LINE OF CREDIT NOTE (2)	TOTAL DEBT	POPULATION	TOTAL DEBT PER CAPITA	TAXABLE ASSESSED VALUE	TOTAL DEBT AS A PERCENTAGE OF TAXABLE ASSESSED VALUE
2009	-	\$ 399,543	\$ 399,543	1,064,151	\$ 0.38	\$ 96,178,105,307	0.0004%
2008	-	786,220	786,220	1,069,849	0.73	107,596,845,537	0.0007
2007	-	1,160,445	1,160,445	1,061,017	1.09	107,648,539,644	0.0011
2006	-	1,522,620	1,522,620	1,034,849	1.47	92,280,140,633	0.0016
2005	\$1,200,000	1,873,133	3,073,133	999,719	3.07	75,528,874,163	0.0041
2004	2,350,000	2,212,359	4,562,359	970,601	4.70	62,612,162,801	0.0073
2003	3,450,000	2,547,963	5,997,963	941,404	6.37	57,807,599,978	0.0104

(1) Bonds paid off in FY 2006

(2) Bank Line of Credit Note paid off in FY 2010

Source: University of Florida, Bureau of Economics and Business Research  
Orange County Property Appraiser

**ORANGE COUNTY LIBRARY DISTRICT**

**RATIO OF NET GENERAL OBLIGATION BONDED DEBT  
LAST TEN FISCAL YEARS**

FISCAL YEAR	GENERAL OBLIGATION BONDS(1)	LESS DEBT		NET GENERAL		POPULATION	NET BONDED DEBT PER CAPITA	TAXABLE ASSESSED VALUE	NET DEBT AS A PERCENTAGE OF TAXABLE ASSESSED VALUE
		SERVICE MONIES AVAILABLE	OBLIGATION BONDED DEBT	GENERAL OBLIGATION BONDED DEBT	GENERAL OBLIGATION BONDED DEBT				
2005	\$1,200,000	\$52,066	\$1,147,934	999,719	\$1.15	\$75,528,874,163	0.002%		
2004	2,350,000	42,872	2,307,128	970,601	2.38	62,612,162,801	0.004		
2003	3,450,000	75,263	3,374,737	941,404	3.58	57,807,599,978	0.006		

(1) Bonds paid off in FY 2006

Source: University of Florida, Bureau of Economics and Business Research  
Orange County Property Appraiser

**ORANGE COUNTY LIBRARY DISTRICT**  
**COMPUTATION OF DIRECT AND OVERLAPPING**  
**GENERAL DEBT**

**SEPTEMBER 30, 2012**

JURISDICTION	GROSS DEBT OUTSTANDING	PERCENTAGE APPLICABLE TO ORANGE COUNTY LIBRARY DISTRICT(3)	AMOUNT APPLICABLE TO ORANGE COUNTY LIBRARY DISTRICT	DEBT PER CAPITA (4)
Direct: Orange County Library District (1)				
Overlapping: Reedy Creek Improvement District (2)	\$179,475,000	92.8%	\$166,552,800	\$149.53
			<u>\$166,552,800</u>	<u>\$149.53</u>
			<u>Total Direct and Overlapping Debt</u>	

- (1) Bank Line of Credit was paid off in FY 2010  
General Obligation Bonds were paid off in FY 2006
- (2) Bond issues of 2004A, 2004B, 2005A, 2005B, 2010A, 2011A (Reedy Creek)
- (3) The percentage of overlapping debt applicable is estimated using taxable assessed property values, by determining the amount of the overlapping government's taxable assessed value that is within the District's boundaries and dividing by the total taxable assessed value of the overlapping government.
- (4) Based on 2011 District population estimate of 1,113,807.



# ORANGE COUNTY LIBRARY DISTRICT

## LEGAL DEBT MARGIN

Neither the Orange County Library District nor the Florida Statutes provide for a limit on the amount of ad valorem taxes Orange County Library District may levy for voted bonds.

**ORANGE COUNTY LIBRARY DISTRICT**

**PLEDGED REVENUE COVERAGE  
BANK LINE OF CREDIT  
LAST TEN FISCAL YEARS**

<u>FISCAL YEAR</u>	<u>PLEDGED REVENUES (1)</u>	<u>DEBT SERVICE (2)</u>		<u>TOTAL</u>	<u>COVERAGE</u>
		<u>PRINCIPAL</u>	<u>INTEREST</u>		
2009	\$2,410,572	\$386,677	\$22,781	\$409,458	5.89
2008	2,747,109	374,226	35,233	409,459	6.71
2007	3,030,669	362,175	47,283	409,458	7.40
2006	2,788,745	350,513	58,945	409,458	6.81
2005	2,190,521	339,226	70,232	409,458	5.35
2004	1,532,256	335,604	73,855	409,459	3.74
2003	1,312,612	305,660	120,178	425,838	3.08

(1) Pledged Revenues include Charges of Services, Fines and Investment Income.

(2) Bank Line of Credit Note paid off in FY 2010

## ORANGE COUNTY LIBRARY DISTRICT

### DEMOGRAPHIC AND ECONOMIC INFORMATION LAST TEN FISCAL YEARS

FISCAL YEAR	POPULATION(1)	PERSONAL INCOME (2)	PER CAPITA PERSONAL INCOME	UNEMPLOYMENT RATE
2012	1,113,807	\$ 39,787,994,000	\$ 35,723	8.4%
2011	1,113,807	39,787,994,000	35,723	10.1
2010	1,102,353	39,787,994,000	36,094	11.8
2009	1,064,151	39,547,967,000	37,164	11.4
2008	1,069,849	39,414,032,000	36,841	6.3
2007	1,061,017	37,561,181,000	35,401	3.9
2006	1,034,849	35,183,501,000	33,999	3.1
2005	999,719	32,259,655,000	32,269	3.5
2004	970,601	29,446,394,000	30,338	4.6
2003	941,404	27,177,494,000	28,869	5.2

(1) Population for 2012 not available so 2011 population used as an estimate.

(2) Personal Income for 2012 and 2011 not available so 2010 personal income used as an estimate. Includes all of Orange County.

Source: Population and Personal Income from University of Florida, Bureau of Economics and Business Research  
Unemployment Rates from 2000 - 2005 Woods and Poole Economics State Profiles  
Unemployment Rates from 2006 - 2012 Florida's Labor Market Statistics

## ORANGE COUNTY LIBRARY DISTRICT

### PRINCIPAL EMPLOYERS CURRENT YEAR AND NINE YEARS AGO

EMPLOYER	2012		2003	
	EMPLOYEES	PERCENTAGE OF TOTAL EMPLOYMENT	EMPLOYEES	PERCENTAGE OF TOTAL EMPLOYMENT
Walt Disney World Resort	62,000	10.61%	53,000	10.75%
Orange County Public Schools	17,904	3.06	23,000	4.66
Florida Hospital	16,771	2.87	44,000	8.92
Universal Studios	16,000	2.74	12,787	2.59
Orlando Health	13,666	2.34	12,178	2.47
UPS	12,680	2.17		
University of Central Orlando	10,346	1.77	8,773	1.78
Lockheed Martin Corp.	9,000	1.54	7,400	1.50
Orange County Government	7,654	1.31	7,567	1.53
SeaWorld Parks & Entertainment	7,000	1.20		
Seminole County Public Schools			8,300	1.68
Hughes Supply Inc.			8,900	1.81
Total	<u>173,021</u>	29.60	<u>185,905</u>	37.71
Total Employment in Orange County	<u>584,475</u>		<u>493,039</u>	

Source: Top 10 Employers from Orlando Business Journal for Central Florida Region  
 Total Employment in Orange County from State of Florida Labor Market Statistics  
 and Bureau of Labor Statistics

# ORANGE COUNTY LIBRARY DISTRICT

## DISTRICT EMPLOYEES LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u>	<u>FULL TIME EQUIVALENTS</u>
2012	275
2011	276
2010	285
2009	339
2008	351
2007	351
2006	333
2005	329
2004	314
2003	305

Source: Orange County Library District

## ORANGE COUNTY LIBRARY DISTRICT

### OPERATING INDICATORS LAST TEN FISCAL YEARS

FISCAL YEAR	CIRCULATION		DOOR COUNT	WEBSITE VISITS	CLASS ATTENDANCE	COMPUTER SESSIONS
2012	15,169,395		4,736,186	5,364,297	52,033	1,073,050
2011	(1)	14,809,471	4,851,325	5,226,285	53,555	1,047,862
2010	14,236,419		5,122,615	5,512,254	50,792	1,059,900
2009	13,262,020		5,722,573	4,741,170	54,631	1,077,669
2008	11,792,546		5,296,027	4,048,215	40,019	932,142
2007	(2)	9,366,524	(2) 5,004,238	4,183,010	28,330	871,025
2006	8,460,493		4,155,494	2,971,841	19,686	774,648
2005	7,829,054		4,185,810	(3) 818,527	14,104	749,937
2004	6,642,591		3,812,650		9,766	704,185
2003	5,952,236		3,297,024		4,461	534,025

(1) Information for FY 2011 has been updated from that previously reported

(2) Information for FY 2007 has been updated from that previously reported

(3) Website Visits prior to FY 2005 are not available

Source: Orange County Library District

**ORANGE COUNTY LIBRARY DISTRICT**

**SERVICE LOCATION INFORMATION  
LAST TEN FISCAL YEARS**

Location	Status	Square Footage												
		2012	2011	2010	2009	2008	2007	2006	2005	2004	2003			
Main	Own	290,000	290,000	290,000	290,000	290,000	290,000	290,000	290,000	290,000	290,000	290,000	290,000	290,000
Alafaya Branch	Own	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Eatonville Branch	Lease	6,600	6,600	6,600	6,600	6,600	6,600	6,600	6,600	6,600	6,600	6,600	6,600	6,600
Edgewater Branch	Lease	12,740	12,740	12,740	12,740	12,740	12,740	12,740	12,740	12,740	12,740	12,740	12,740	12,740
Herndon Branch	Lease	13,160	13,160	13,160	13,160	13,160	13,160	13,160	13,160	13,160	13,160	13,160	13,160	13,160
Hiawasse Branch	Lease	13,455	13,455	13,455	12,797	12,797	12,797	12,797	12,797	12,797	12,797	12,797	12,797	12,797
North Orange Branch	Own	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
South Creek Branch	Own	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
South Trail Branch	Lease	12,750	12,750	12,750	12,750	12,750	12,750	12,750	12,750	12,750	12,750	12,750	12,750	12,750
Southeast Branch	Lease	13,310	13,310	13,310	13,310	13,310	13,310	13,310	13,310	13,310	13,310	13,310	13,310	13,310
Southwest Branch	Lease	15,553	15,553	15,553	15,553	15,553	15,553	15,553	15,553	15,553	15,553	15,553	15,553	15,553
Washington Park Branch	Lease	5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600
West Oaks Branch	Own	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Windermere Branch	Lease	6,400	6,400	6,400	6,400	6,400	6,400	6,400	6,400	6,400	6,400	6,400	6,400	6,400
Winter Garden Branch	Own	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
<b>TOTAL</b>		<b>449,568</b>	<b>449,568</b>	<b>449,568</b>	<b>448,910</b>	<b>448,910</b>	<b>448,910</b>	<b>448,910</b>	<b>448,910</b>	<b>448,910</b>	<b>448,910</b>	<b>442,010</b>	<b>435,410</b>	<b>435,410</b>

Source: Orange County Library District

## COMPLIANCE SECTION





**Independent Auditors' Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards***

Orange County Library Board of Trustees  
Orange County Library District  
Orlando, Florida

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Orange County Library District (the "District"), a component unit of Orange County, Florida as of and for the year ended September 30, 2012, which collectively comprise the District's basic financial statements, and have issued our report dated December 28, 2012. We also have audited the financial statements of the internal service fund, presented in the District's basic financial statements, and each of the fiduciary funds of the District, presented as supplementary information in the accompanying combining financial statements, as of and for the year ended September 30, 2012. We conducted our audit 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.

**Internal Control over Financial Reporting**

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

## Compliance and other matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported herein under *Government Auditing Standards*.

Pursuant to Chapter 119, Florida Statutes, this report is a public record and its distribution is not limited. However, this report is intended solely for the information and use of the Board of Trustees, management, the Florida Auditor General, and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Cheng, Behaert & Holland, L.L.P.*

Orlando, Florida  
December 28, 2012



**Independent Auditors' Report on Compliance with Requirements  
That Could Have a Direct and Material Effect on the Major  
Program and on Internal Control over Compliance in  
Accordance with the State Single Audit Act**

Orange County Library Board of Trustees  
Orange County Library District  
Orlando, Florida

**Compliance**

We have audited the compliance of the Orange County Library District (the "District") with the types of compliance requirements described in the State of Florida Department of Financial Services' State Projects Compliance Supplement that could have a direct and material effect on the major state financial assistance project for the year ended September 30, 2012. The District's major state financial assistance project is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major state financial assistance project is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, *Rules of the Auditor General*. Those standards and Chapter 10.550, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state financial assistance project occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major state financial assistance project for the year ended September 30, 2012.

## Internal Control over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to state financial assistance projects. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major state financial assistance project to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with Chapter 10.550, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state financial assistance project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state financial assistance project will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Pursuant to Chapter 119, Florida Statutes, this report is a public record and its distribution is not limited. However, this report is intended solely for the information and use of the Board of Trustees, management, the Florida Auditor General, and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Cheng, Behant & Holland, L.L.P.*

Orlando, Florida  
December 28, 2012

**ORANGE COUNTY LIBRARY DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**Year Ended September 30, 2012**

**Part I - Summary of Auditors' Results**

**Financial Statement Section**

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?        yes   x   no

Significant deficiency(ies) identified?        yes   x   none reported

Noncompliance material to financial statements noted?        yes   x   no

**State Financial Assistance Project Section**

Internal control over major programs:

Material weakness(es) identified?        yes   x   no

Significant deficiency(ies) identified?        yes   x   none reported

Type of auditors' report on compliance for major state financial assistance project: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550        yes   x   no

**ORANGE COUNTY LIBRARY DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**Year Ended September 30, 2012**

**Part I - Summary of Auditors' Results (continued)**

**State Financial Assistance Projects Section (continued)**

Identification of major state project:

State Project:

Name of Project	CSFA Number
State Aid to Libraries	45.030

Dollar threshold used to determine Type A programs:

State	\$ 256,556
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**ORANGE COUNTY LIBRARY DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**Year Ended September 30, 2012**

**Part II - Schedule of Financial Statement Findings**

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no financial statement findings required to be reported in accordance with *Government Auditing Standards*.

**Part III - State Project Findings and Questioned Costs**

This section identifies the significant deficiencies, material weaknesses, and material instances of noncompliance, including questioned costs, as well as any material abuse findings, related to the audit of major state projects, as required to be reported by Chapter 10.550, *Rules of the Auditor General - Local Governmental Entity Audits*.

There were no findings required to be reported by Chapter 10.550, *Rules of the Auditor General - Local Governmental Entity Audits*.

**ORANGE COUNTY LIBRARY DISTRICT**  
**Schedule of State Financial Assistance**  
**Year Ended September 30, 2012**

<u>State Agency/ State Project</u>	<u>CFSA No.</u>	<u>Project No.</u>	<u>Award Amount</u>	<u>Expenditures</u>
<b>DEPARTMENT OF STATE/ DIVISION OF LIBRARY AND INFORMATION SERVICES:</b>				
Direct Projects:				
State Aid to Libraries Grant	45.030	12-ST-45	\$ 855,186	\$ 855,186
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>			<u>\$ 855,186</u>	<u>\$ 855,186</u>

Note: The Schedule of State Financial Assistance is presented on the modified accrual basis of accounting.





## Independent Auditors' Management Letter

To the Members of the  
Orange County Board of Trustees  
Orange County Library District:

We have audited the financial statements of the Orange County Library District (the "District"), as of and for the year ended September 30, 2012, and have issued our report thereon dated December 28, 2012.

We conducted our audit 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; and the Florida Single Audit Act. We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on the Major Program and on Internal Control over Compliance in Accordance with the State Single Audit Act, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated December 28, 2012, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, *Rules of the Auditor General*, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports or schedule.

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. No recommendations were made in the preceding annual financial audit report.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires our audit to include a review of the provisions of Section 218.415, *Florida Statutes*, regarding the investment of public funds. In connection with our audit of the financial statements, we determined that the District complied with Section 218.415, *Florida Statutes*.

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we address violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., *Rules of the Auditor General*, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The District was established by special state legislative act, Chapter 80-555, Laws of Florida, approved by referendum on September 9, 1980, as an independent special district. The original act, as amended, was recodified into Chapter 99-486, Laws of Florida. There are no component units of the District.

Section 10.554(1)(i)7.a., *Rules of the Auditor General*, requires a statement be included as to whether or not the District has met one or more of the conditions described in Section 218.503(1), *Florida Statutes*, and identification of the specific conditions met. In connection with our audit, nothing came to our attention that would cause us to believe that the District met any of the specified conditions of a financial emergency contained in Section 218.503(1), *Florida Statutes*.

Section 10.554(1)(i)7.b., *Rules of the Auditor General*, requires that we determine whether or not the annual financial report for the District for the fiscal year ended September 30, 2012, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), *Florida Statutes*, is in agreement with the annual financial audit report for the current period. In connection with our audit, the results of our tests indicate that the annual financial audit report for the year ended September 30, 2012, files with the Department of Financial Services, is in agreement with the annual financial audit report for the current period.

Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. However, this letter is intended solely for the information and use of the Board of Trustees, management and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

*Cheng, Behaert & Holland, L.L.P.*

Orlando, Florida  
December 28, 2012