

ORANGE  
COUNTY

LIBRARY

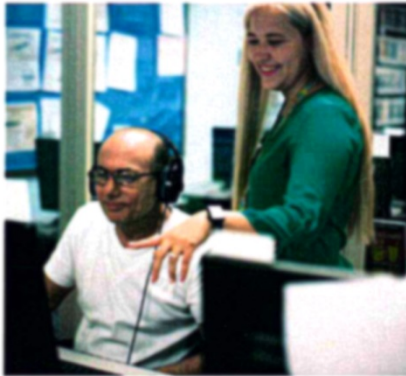
DISTRICT



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED  
SEPTEMBER 30

# 2017



ORANGE COUNTY LIBRARY DISTRICT  
(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, 2017**



Prepared by:

FINANCE DEPARTMENT

**ORANGE COUNTY LIBRARY DISTRICT  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2017**

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## **INTRODUCTORY SECTION**





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Orlando, Florida 32801-2471  
phone: 407.835.7323  
fax: 407.835.7649  
website: [www.ocls.info](http://www.ocls.info)

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Mary Anne Hodel,  
Library Director, Chief Executive Officer

January 3, 2018

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, 2017 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 report of independent auditor, 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 independent auditor.

### **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 1,267,000 residents through a 290,000 square foot Main Library building and 15 branch facilities, which range in size from 5,600 to 15,700 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 Walt Disney World Resort, Orange County Public Schools, Universal Orlando Resort, Florida Hospital Orlando, Orlando International Airport, Orlando Health, University of Central Florida, Lockheed Martin, Orange County Government, and Darden Restaurants. The two largest property tax payers of the District are the Walt Disney World Company and Universal Studios.

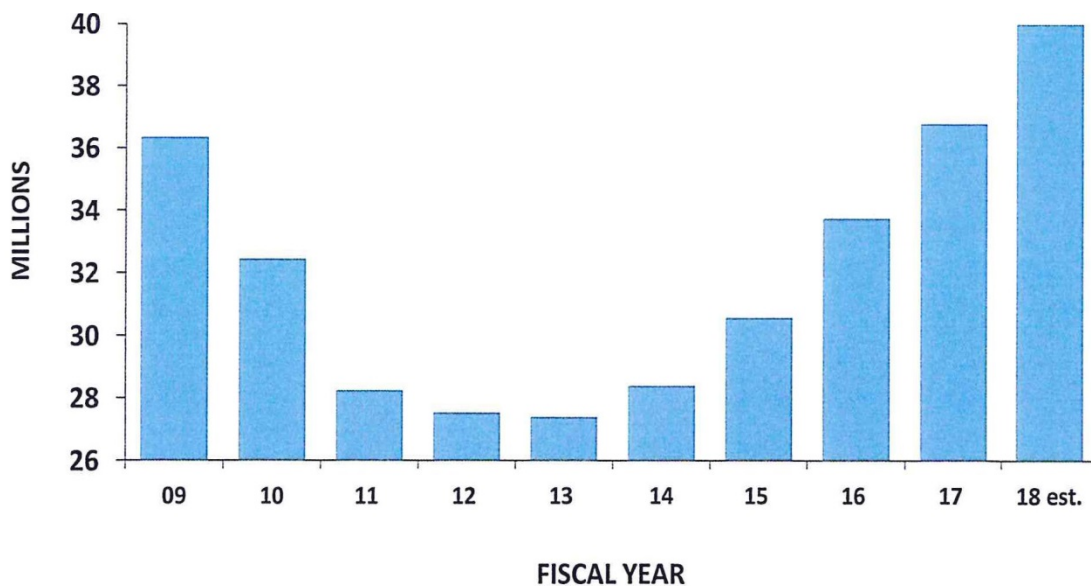


**Property taxes.** The District is primarily funded through property tax revenues. In June 2007, the Florida Legislature passed legislation, which resulted in a 13% reduction in the District's millage rate for fiscal year 2008. The District's millage rate dropped from .4325 for fiscal 2007 to .3748 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 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 \$8,948,000 or 25%, from fiscal year 2009 to 2013. After dropping to the low point in fiscal year 2013, property values have rebounded since then and are projected to increase to \$40,000,000 in fiscal year 2018.

## Property Tax Revenues



**Long-term financial planning.** Over the last ten years, many of the key building systems and the interior of the 290,000 square foot Main Library building, which opened in March of 1985, have been replaced or renovated. Remaining projects, which will be addressed in subsequent years, include replacing the emergency generator, renovating the fifth floor, which houses Finance, Human Resources, and administrative offices, and constructing emergency exit gates and fencing for better security around the Main Library building. These projects will be funded from the District's General Fund likely through a combination of property tax revenues and reserves.

The District is annually transferring money from its General Fund to the Capital Projects Fund for future branch development. The District is continuing to monitor and evaluate the need for future branch libraries in high growth areas.

**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, 2016. This was the fourteenth 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 LLP for helping to bring this report together.

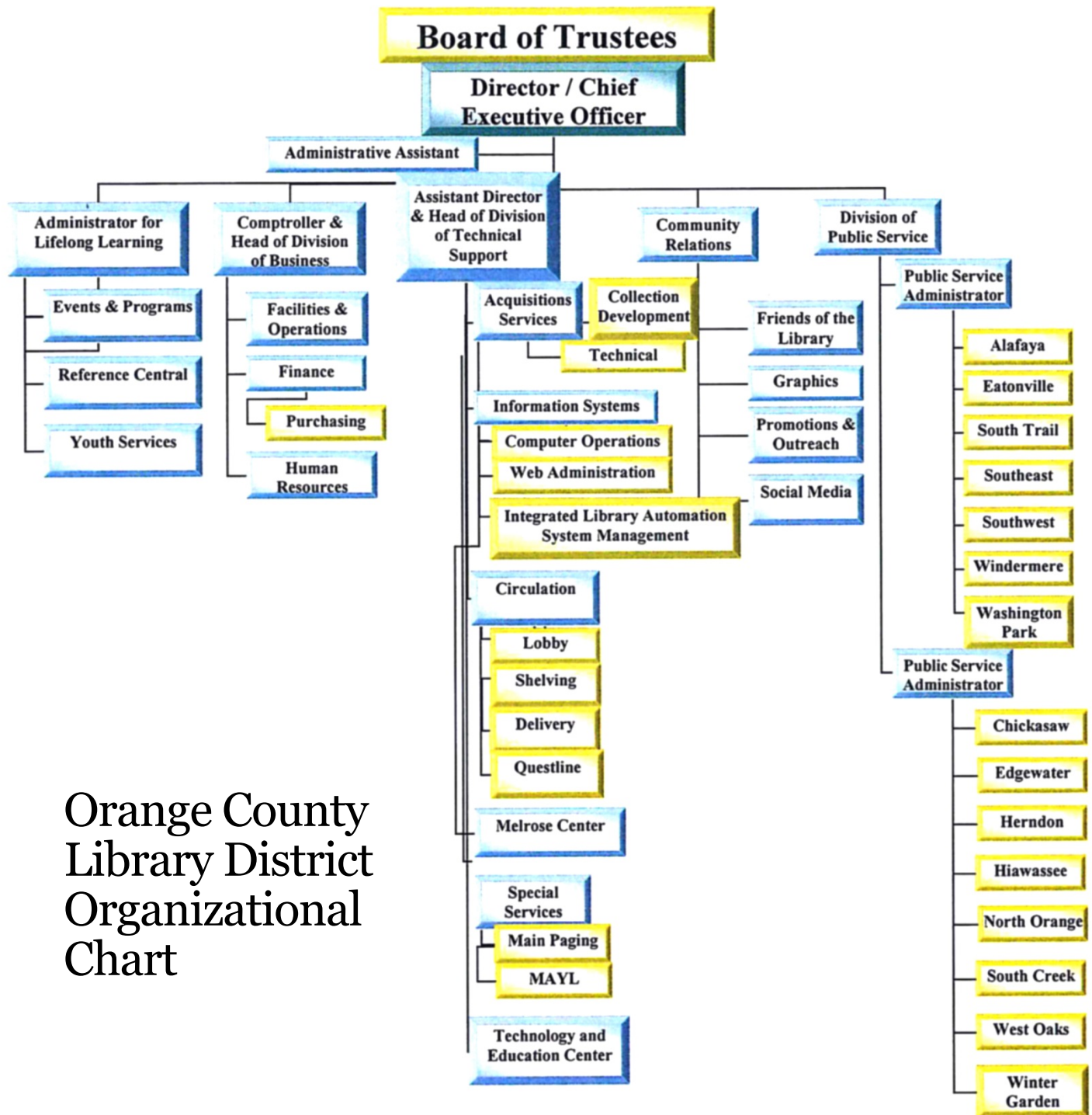
Sincerely,



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

Lisa Franchina	President
Marucci Guzman	Vice President
Ted Maines	Trustee
Wilbert Vancol	Trustee
Richard Maladecki	Trustee

### Director/Chief Executive Officer

Mary Anne Hodel

### Comptroller

Robert Tessier

### Finance Manager

Patricia Quiñones



Government Finance Officers Association

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, 2016

*Christopher Morrill*

Executive Director/CEO

## **FINANCIAL SECTION**



## **Report of Independent Auditor**

To the Members of the Orange County Library Board of Trustees  
Orange County Library District  
Orlando, Florida

### ***Report on the Financial Statements***

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, 2017, and the related notes to the financial statements, 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, 2017.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **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, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance 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, 2017 and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, effective October 1, 2016. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information identified 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements and on the fiduciary funds presented as other supplementary information. The introductory and statistical sections and capital projects fund, capital projects sinking fund, and permanent fund budgetary comparison information 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 capital projects fund, capital projects sinking fund, and permanent fund 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the capital projects fund, capital projects sinking fund, and permanent fund budgetary comparison information and the schedule of state financial assistance are fairly stated in all material respects in relation to the basic financial statements 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2017, on our consideration of the District's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Cheryl Behrman CPA".

Orlando, Florida  
December 27, 2017

# 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, 2017. 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 position* presents information on all of the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Assets, deferred outflows of resources, liabilities, and deferred inflows of resources 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 position 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 14 - 15 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, Capital Projects Sinking Fund, and Permanent 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 16 - 18 of this report.

The District adopted an annual budget for each of its governmental funds. Budgetary comparison schedules are located on page 50 for the General Fund and on pages 59 - 61 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 19 - 21.

**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 Position - Pension and Other Postemployment Benefit Trust Funds, and Statement of Changes in Fiduciary Net Position - Pension and Other Postemployment Benefit Trust Funds on pages 22 - 23 of this report. Combining financial statements for the plans can be found on pages 57 - 58. 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 24 - 49 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 50 - 56 of this report.

### **Government-wide Financial Analysis**

The following summarizes the District's net position at September 30, 2017 and 2016.

	<b>2017</b>	<b>2016</b>
Current and other assets	\$21,962,124	\$19,871,341
Capital assets	32,861,690	33,213,078
<b>Total assets</b>	<b>54,823,814</b>	<b>53,084,419</b>
Deferred outflows of resources	1,235,887	4,124,352
<b>Total assets and deferred outflows of resources</b>	<b>56,059,701</b>	<b>57,208,771</b>
Current liabilities	2,436,649	3,006,337
Long term liabilities	925,543	2,173,055
<b>Total liabilities</b>	<b>3,362,192</b>	<b>5,179,392</b>
Deferred inflows of resources	1,260,393	1,245,459
<b>Total liabilities and deferred inflows of resources</b>	<b>4,622,585</b>	<b>6,424,851</b>
Net position:		
Investment in capital assets	32,861,690	33,213,078
Restricted	1,753,058	886,358
Unrestricted	16,822,368	16,684,484
<b>Total net position</b>	<b>\$51,437,116</b>	<b>\$50,783,920</b>

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. During the year ended September 30, 2017, the District increased its net position through operating results by \$653,196 and assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$51,437,116 as of the end of the fiscal year.

By far the largest portion of the District's net position is its investment in capital assets (land, buildings, improvements, furniture and equipment, computer equipment, library books, 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 position is referred to as restricted since the resources are related to net OPEB and/or net pension assets or are otherwise 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, 2017 and 2016.

	<u>2017</u>	<u>2016</u>
<b>Program Revenues</b>		
Charges for services	\$1,289,113	\$1,377,878
Operating grants and contributions	1,237,111	1,151,860
Capital grants and contributions	-	500,000
<b>General Revenues</b>		
Property taxes	36,747,153	33,714,713
Investment income	270,264	172,626
Miscellaneous	266,984	302,935
<b>Total revenues</b>	<b><u>39,810,625</u></b>	<b><u>37,220,012</u></b>
<b>Expenses</b>		
Salaries and benefits	22,900,705	21,474,152
Operating	9,087,009	9,354,014
Depreciation	4,303,673	4,382,963
Materials	2,866,042	2,898,914
<b>Total expenses</b>	<b><u>39,157,429</u></b>	<b><u>38,110,043</u></b>
<b>Changes in net position</b>	<b>653,196</b>	<b>(890,031)</b>
<b>Net position - beginning of year</b>	<b>50,783,920</b>	<b>51,673,951</b>
<b>Net position - end of year</b>	<b><u><u>\$51,437,116</u></u></b>	<b><u><u>\$50,783,920</u></u></b>

- o Corresponding with the decrease in circulation of physical materials, fine revenue is also lower and thus, the reason for the \$88,765 decline in charges for services.
- o The \$85,251 increase in operating grants and contributions is due to increased donations, and miscellaneous grants and awards from a variety of sources.
- o In the previous fiscal year, a \$500,000 capital contribution was received which was not repeated during the fiscal year ended September 30, 2017.
- o While the tax rate has not changed, property taxes increased \$3,032,440 due to higher property values and new construction.
- o The \$97,638 increase in investment income is primarily due to higher interest rates.
- o Salaries and benefits increased \$1,426,553 due to salary increases, increased hours for approximately 40 part time staff, a health insurance premium holiday of only two months compared to three the previous fiscal year, and an increase in the sick leave payout at termination.
- o Operating expenses reflected a \$267,005 decrease primarily due to a gain in the District's health self-insurance activities, whereas a loss was reported in the previous fiscal year.

### **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 increased from \$2,234,086 to \$4,242,799. Actual revenues, including property taxes, exceeded budgeted revenues by approximately \$1,029,000. Further, due primarily to some capital projects that were not pursued or were delayed to a subsequent year, actual expenditures were approximately \$1,837,000 below the budget. These factors contributed to the approximately \$2,009,000 increase in unassigned fund balance.

The \$1,027,374 increase in the Capital Projects Fund was due to a \$1,000,000 transfer from the General Fund for future branch development, and \$27,374 in investment income.

The Capital Projects Sinking Fund was established to accumulate resources for future building improvements and major technology purchases. Fund balance increased by \$4,211 during the year due to investment income. The entire fund balance of \$501,793 is assigned for capital projects.

The \$633,020 fund balance in the Permanent Fund represents a \$500,000 donation and accumulated investment income on that donation. Fund balance increased by \$73,327 during the year due to investment income. The \$500,000 donation is nonspendable and \$133,020 is restricted for upgrades to the Melrose Center.

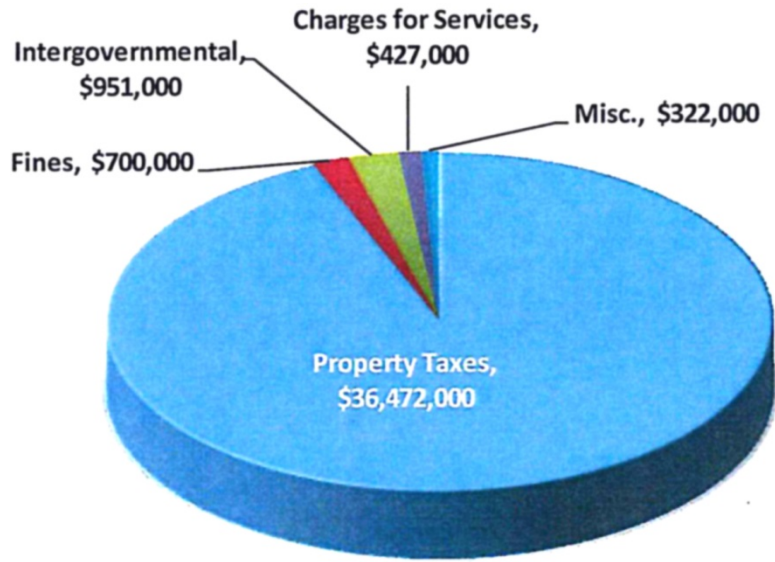
**General Fund Budgetary Highlights**

The District adopted a budget for its General Fund (see page 50) prior to the start of its fiscal year and did not amend it. Accordingly, the original and final budgets are the same.

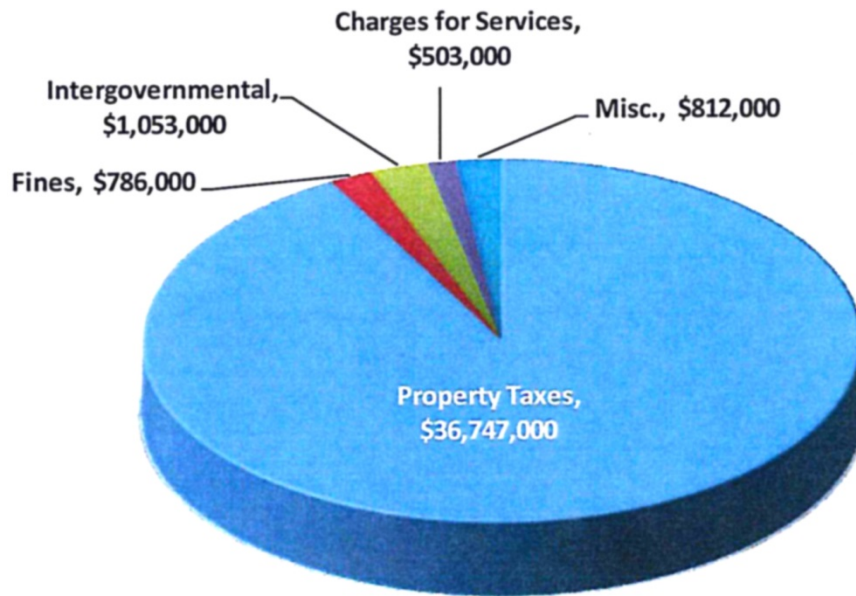
The following charts show the budget versus actual for revenues and expenditures.

# GENERAL FUND

Budgeted Revenues - \$38,872,000

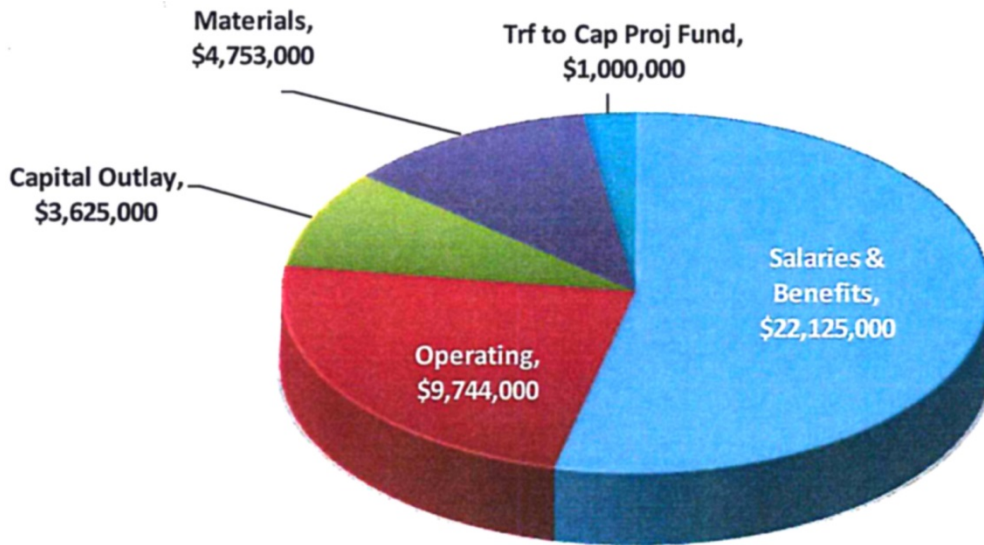


Actual Revenues - \$39,901,000

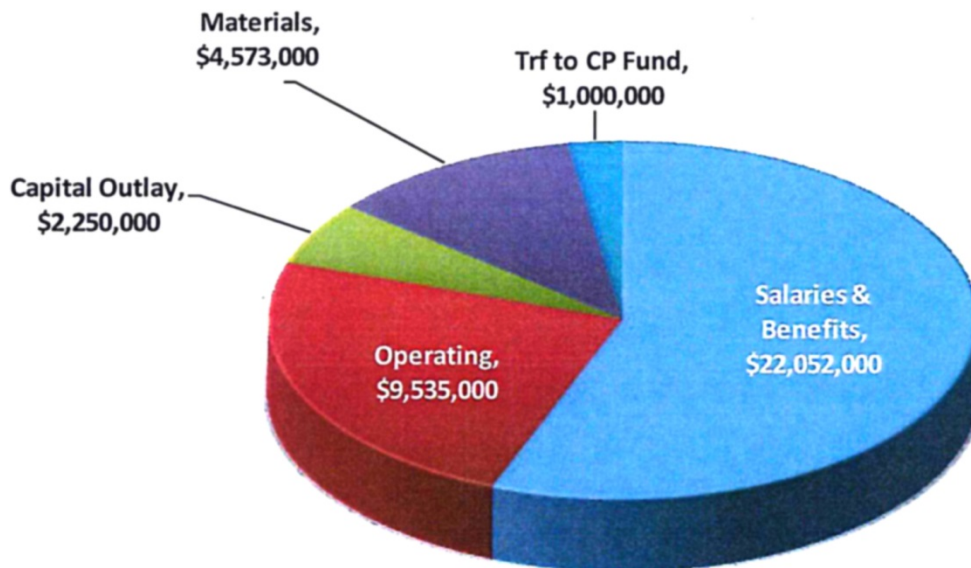


# GENERAL FUND

## Budgeted Expenditures - \$41,247,000



## Actual Expenditures - \$39,410,000



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.

**Federal Grants** - Actual state and federal grant revenues received during the year were higher by \$82,090 than was estimated.

**Fines** - The District's budget estimate was too low, thus the reason for \$86,065 in higher revenues.

**Charges for Services** - The District under estimated the revenues from meeting rooms, faxes, and scans, and thus the \$76,048 overage.

**Investment Income** - Due to rising investment rates, investment income came in \$95,352 higher than budgeted.

**Miscellaneous** - Included in miscellaneous revenue, the District recognized \$360,000 for the Universal Service Schools and Libraries Program. \$192,900 of this amount was approved last fiscal year, but the revenue was not available until this fiscal year.

**Salaries and Benefits** - Out of the \$22,125,000 budget, the District expended all but \$72,887.

**Operating** - The District expended 97.9%, or \$9,534,876, of the \$9,744,000 Operating budget.

**Capital Outlay** - This category was under spent by \$1,554,760, as some budgeted projects were abandoned or delayed to a subsequent year.

**Capital Assets**

The District's capital assets, net of accumulated depreciation, consist of the following at September 30, 2017 and 2016.

	<u>2017</u>	<u>2016</u>
Land	\$3,349,802	\$ 3,349,802
Buildings	12,051,864	12,796,732
Improvements	11,079,725	8,906,789
Furniture and equipment	1,354,575	1,468,001
Library books and audiovisual materials	3,584,263	3,786,692
Computer equipment	1,247,605	1,442,985
Construction in Progress	193,856	1,462,077
<b>Total Capital Assets</b>	<b><u>\$32,861,690</u></b>	<b><u>\$33,213,078</u></b>



Significant capital asset purchases included the following:

- o Construction to renovate the fourth floor of the Main Library was completed for a total cost of \$1,662,506.
- o The Main Library basement underdrain project totaled \$1,297,831 during fiscal year 2017.
- o Computer equipment and software purchases equaled \$325,642.

Additional information on the District's capital assets can be found on page 35 of this report.

**Long Term Liabilities**

The District's long-term liabilities consist of the following at September 30, 2017 and 2016.

	<u>2017</u>	<u>2016</u>
Accrued compensated absences and net pension liability	\$1,958,183	\$3,146,290

Additional information on the District's long term debt can be found on page 36 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:

Lovevia Williams, Finance Manager  
Orange County Library District  
101 East Central Blvd.  
Orlando, Florida 32801

## **BASIC FINANCIAL STATEMENTS**

# ORANGE COUNTY LIBRARY DISTRICT

## Statement of Governmental Net Position

September 30, 2017

### Assets and Deferred Outflows of Resources

Cash and cash equivalents	\$ 3,892,329
Investments	15,779,982
Due from other governmental agencies	398,932
Due from OPEB Trust Fund	449,466
Other receivables	49,830
Inventory	176,092
Prepaid items	119,952
Net pension asset	896,211
Net OPEB asset (contributions in excess of requirements)	199,330
Nondepreciable capital assets	3,543,658
Depreciable capital assets (net of accumulated depreciation)	<u>29,318,032</u>
<b>Total assets</b>	54,823,814
Deferred outflows of resources related to pensions	<u>1,235,887</u>
<b>Total assets and deferred outflows of resources</b>	<u>56,059,701</u>

### Liabilities and Deferred Inflows of Resources

Accrued salaries payable	611,144
Other accrued liabilities	9,687
Accounts payable	592,581
Claims payable	186,589
Unearned revenue	4,008
Long term liabilities:	
Due within one year	1,032,640
Due beyond one year	<u>925,543</u>
<b>Total liabilities</b>	3,362,192
Deferred inflows of resources related to pensions	<u>1,260,393</u>
<b>Total liabilities and deferred inflows of resources</b>	<u>4,622,585</u>

### Net Position

Investment in capital assets	32,861,690
Restricted for:	
Net pension asset and net OPEB asset	1,095,541
Nonexpendable endowments	657,517
Unrestricted	<u>16,822,368</u>
<b>Total net position</b>	<u>\$ 51,437,116</u>

# ORANGE COUNTY LIBRARY DISTRICT

## Statement of Governmental Activities

Year Ended September 30, 2017

<b>Program expenses:</b>	
Salaries and benefits	\$ 22,900,705
Operating	9,087,009
Depreciation	4,303,673
Electronic materials	2,866,042
	<hr/>
<b>Total program expenses</b>	<b>39,157,429</b>
<b>Program revenues:</b>	
Charges for services	1,289,113
Operating grants and contributions	1,237,111
	<hr/>
<b>Total program revenues</b>	<b>2,526,224</b>
<b>Net program (expenses)</b>	<b>(36,631,205)</b>
	<hr/>
<b>General revenues:</b>	
Property taxes	36,747,153
Investment income	270,264
Miscellaneous	266,984
	<hr/>
<b>Total general revenues</b>	<b>37,284,401</b>
<b>Change in net position</b>	<b>653,196</b>
<b>Net position - beginning</b>	<b>50,783,920</b>
	<hr/>
<b>Net position - ending</b>	<b>\$ 51,437,116</b>
	<hr/>

# ORANGE COUNTY LIBRARY DISTRICT

## Balance Sheet Governmental Funds September 30, 2017

	General	Capital Projects	Capital Projects Sinking	Permanent	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 3,413,574	\$ 169,007	\$ 22,125	\$ 1,042	\$ 3,605,748
Investments	7,598,523	3,664,023	479,668	631,978	12,374,192
Due from other governmental agencies	398,932	-	-	-	398,932
Other receivables	16,412	-	-	-	16,412
Inventory	176,092	-	-	-	176,092
Prepaid items	119,952	-	-	-	119,952
	<b>Total assets</b>	<b>\$ 3,833,030</b>	<b>\$ 501,793</b>	<b>\$ 633,020</b>	<b>\$ 16,691,328</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accrued salaries payable	\$ 611,144	\$ -	\$ -	\$ -	\$ 611,144
Other accrued liabilities	9,687	-	-	-	9,687
Accounts payable	592,581	-	-	-	592,581
Unearned Revenue	4,008	-	-	-	4,008
	<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,217,420</b>
<b>Fund Balances:</b>					
Nonspendable:					
Inventory	176,092	-	-	-	176,092
Prepaid Items	119,952	-	-	-	119,952
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
Kendrick B. Melrose Donation	-	-	-	500,000	500,000
Restricted For:					
Melrose Center	-	-	-	133,020	133,020
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	-	3,833,030	501,793	-	4,334,823
Fiscal Year 2018 Budget	1,000,877	-	-	-	1,000,877
Unassigned:	4,242,799	-	-	-	4,242,799
	<b>Total fund balances</b>	<b>3,833,030</b>	<b>501,793</b>	<b>633,020</b>	<b>15,473,908</b>
<b>Total liabilities and fund balances</b>	<b>\$ 11,723,485</b>	<b>\$ 3,833,030</b>	<b>\$ 501,793</b>	<b>\$ 633,020</b>	<b>\$ 16,691,328</b>

Total fund balances	\$ 15,473,908
Capital assets reported in government-wide financial statements	32,861,690
Net OPEB asset resulting from contributions in excess of the annual required contributions reported in the government-wide financial statements	199,330
Net pension asset reported in the government-wide financial statements	896,211
Long-term liabilities reported in government-wide financial statements	(1,958,183)
Assets and liabilities of internal service fund included in government-wide financial statements	3,988,666
Deferred outflows of resources related to pensions reported in government-wide financial statements	1,235,887
Deferred inflows of resources related to pensions reported in government-wide financial statements	(1,260,393)
Net position of governmental activities	<b>\$ 51,437,116</b>

See notes to financial statements.

**ORANGE COUNTY LIBRARY DISTRICT**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended September 30, 2017**

	<u>General</u>	<u>Capital Projects</u>	<u>Capital Projects Sinking</u>	<u>Permanent</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
Taxes:					
Property	\$ 36,747,153	\$ -	\$ -	\$ -	\$ 36,747,153
Intergovernmental revenues:					
State Aid to Libraries	970,528	-	-	-	970,528
Other State Grants	18,090	-	-	-	18,090
Federal Grants	64,000	-	-	-	64,000
Charges for services:					
Fines	786,065	-	-	-	786,065
Copiers/vending machines	226,325	-	-	-	226,325
Other Fees	276,723	-	-	-	276,723
Miscellaneous revenue:					
Investment income	165,352	27,374	4,211	73,327	270,264
Contributions	103,139	-	-	-	103,139
Other	543,665	-	-	-	543,665
<b>Total revenues</b>	<u>39,901,040</u>	<u>27,374</u>	<u>4,211</u>	<u>73,327</u>	<u>40,005,952</u>
<b>Expenditures:</b>					
Current:					
Salaries and benefits	22,052,113	-	-	-	22,052,113
Operating	9,136,182	-	-	-	9,136,182
Capital outlay	6,823,240	-	-	-	6,823,240
<b>Total expenditures</b>	<u>38,011,535</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,011,535</u>
<b>Revenues over (under) expenditures</b>	1,889,505	27,374	4,211	73,327	1,994,417
<b>Other financing sources (uses):</b>					
Transfers in (out)	(1,000,000)	1,000,000	-	-	-
<b>Net change in fund balances</b>	889,505	1,027,374	4,211	73,327	1,994,417
<b>Fund balances at beginning of year</b>	<u>9,616,560</u>	<u>2,805,656</u>	<u>497,582</u>	<u>559,693</u>	<u>13,479,491</u>
<b>Fund balances at end of year</b>	<u>\$ 10,506,065</u>	<u>\$ 3,833,030</u>	<u>\$ 501,793</u>	<u>\$ 633,020</u>	<u>\$ 15,473,908</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, 2017**

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

Net change in fund balances - total governmental funds	\$	1,994,417
<p>Governmental funds report all capital outlays as expenditures. However, in the statement of governmental activities the cost of capital outlay, other than electronic 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 electronic materials expense on the statement of governmental activities.</p>		
		3,957,198
<p>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 position differs from the change in fund balance by the net book value of capital assets disposed of.</p>		
		(4,913)
<p>Depreciation of capital assets, not reported in governmental funds.</p>		
		(4,303,673)
<p>Some items affecting 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:</p>		
Decrease in net pension liability		1,584,446
Increase in net pension asset		896,211
Increase in accrued compensated absences		(396,339)
Decrease in net OPEB asset		(29,511)
<p>Amounts to be collected under long term receivables are not available to pay for the current period's expenditures and, therefore, are reported as deferred inflows of governmental funds.</p>		
Decrease in deferred inflows		(192,900)
<p>Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.</p>		
Decrease in deferred outflows of resources		(2,888,465)
Increase in deferred inflows of resources		(14,934)
<p>Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The change in net position of internal service funds is reported with governmental activities.</p>		
		51,659
Change in net position of governmental activities	\$	653,196

**ORANGE COUNTY LIBRARY DISTRICT**  
**Statement of Net Position-**  
**Internal Service Fund**  
**September 30, 2017**

<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$	286,581
Investments		3,405,790
Due from OPEB Trust Fund		449,466
Accounts receivable		<u>33,418</u>
<b>Total current assets</b>		<u><u>4,175,255</u></u>
<b>Liabilities</b>		
Current Liabilities:		
Claims payable		<u>186,589</u>
<b>Total current liabilities</b>		<u><u>186,589</u></u>
<b>Unrestricted net position</b>	<b>\$</b>	<u><u>3,988,666</u></u>

**ORANGE COUNTY LIBRARY DISTRICT**  
**Statement of Revenues, Expenses, and Changes in Net Position-**  
**Internal Service Fund**  
**Year Ended September 30, 2017**

<b>Operating Revenues</b>	
Charges for services	\$ 2,120,319
<b>Total operating revenues</b>	<u>2,120,319</u>
 <b>Operating Expenses</b>	
Claims expenses	1,865,073
Stop loss insurance	152,791
Contractual services	81,134
<b>Total operating expenses</b>	<u>2,098,998</u>
Operating income	21,321
 <b>Nonoperating Revenues</b>	
Investment earnings	<u>30,338</u>
<b>Total net operating revenues</b>	<u>30,338</u>
Change in net position	51,659
<b>Net position - beginning of year</b>	<u>3,937,007</u>
<b>Net position - end of year</b>	<u><u>\$ 3,988,666</u></u>

**ORANGE COUNTY LIBRARY DISTRICT**

**Statement of Cash Flows-  
Internal Service Fund  
Year Ended September 30, 2017**

<b>Cash flows from operating activities</b>	
Receipts from charges for services	\$ 2,120,319
Cash payments for claims and expenses	<u>(2,148,292)</u>
<b>Net cash used by operating activities</b>	<u>(27,973)</u>
<b>Cash flows from investing activities</b>	
Purchase of investments	(2,451,812)
Sale of investments	2,248,342
Income from investments	<u>30,338</u>
<b>Net cash used by investing activities</b>	<u>(173,132)</u>
<b>Net decrease in cash and cash equivalents</b>	(201,105)
<b>Cash and cash equivalents, October 1, 2016</b>	<u>487,686</u>
<b>Cash and cash equivalents, September 30, 2017</b>	<u>\$ 286,581</u>
<b>Reconciliation of operating income to cash flows from operating activities</b>	
Operating income	\$ 21,321
Adjustments to reconcile operating income to net cash used by operating activities:	
Decrease in due from claims administrator	424,261
Increase in accounts receivable	(33,418)
Increase in due from OPEB Trust Fund	(449,466)
Increase in claims payable	<u>9,329</u>
<b>Net cash used by operating activities</b>	<u>\$ (27,973)</u>

**ORANGE COUNTY LIBRARY DISTRICT**  
**Statement of Fiduciary Net Position-**  
**Pension and Other Postemployment Benefit Trust Funds**  
**September 30, 2017**

<b>Assets</b>		
Cash and cash equivalents		\$ 737,808
Investments:		
Individual securities:		
Corporate bonds		3,579,589
Government bonds		6,982,711
Asset backed securities		3,157,108
Commingled accounts:		
International equities		3,062,179
Mutual funds:		
Domestic equities		47,225,520
International equities		14,337,951
Stable value		1,558,749
Fixed income		9,336,489
Real Estate		3,067,472
Money market accounts		<u>71,121</u>
Total investments		92,378,889
Accrued income		54,336
Due from brokers (pending trades)		<u>1,736,623</u>
<b>Total assets</b>		<u><u>94,907,656</u></u>
<b>Liabilities</b>		
Due to brokers (pending trades)		4,067,099
Accounts payable		24,986
Due to Internal Service Fund		<u>449,466</u>
<b>Total liabilities</b>		<u><u>4,541,551</u></u>
<b>Net position restricted for pension and other postemployment benefits</b>		<u><u>\$ 90,366,105</u></u>

**ORANGE COUNTY LIBRARY DISTRICT**  
**Statement of Changes in Fiduciary Net Position-**  
**Pension and Other Postemployment Benefit Trust Funds**  
**Year Ended September 30, 2017**

**Additions:**

Employer contributions:	
General Fund	\$ 3,375,781
Investment income	10,005,147
Investment expenses	<u>(113,072)</u>
<b>Total additions</b>	<u>13,267,856</u>

**Deductions:**

Benefits paid to participants	3,830,370
Administrative expenses	<u>28,779</u>
<b>Total deductions</b>	<u>3,859,149</u>

<b>Increase in net position</b>	9,408,707
<b>Net position - beginning of year</b>	<u>80,957,398</u>
<b>Net position - end of year</b>	<u><u>\$ 90,366,105</u></u>

**ORANGE COUNTY LIBRARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended September 30, 2017**

**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 District's Governing Board is substantially the same as that of the County 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 position and the statement of governmental activities) report information on all of the nonfiduciary activities of the District. With the exception of interfund services provided and used, 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 under governmental accounting standards, 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, 2017**

**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.

**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.

Permanent Fund is used to account for resources that are legally restricted to the extent that only earnings, and not principal, are used for purposes that support the District's programs.

*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***

Effective October 1, 2016, the District adopted Governmental Accounting Standards Board Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* ("GASB 74"). GASB 74 requires additional disclosure and supplementary information for the District's Other Postemployment Benefit Plan.

***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 any amendments approved by the Board of Trustees.



**ORANGE COUNTY LIBRARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended September 30, 2017**

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

Budgets for the governmental fund types were 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.

***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, or at amortized cost, which approximates 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, Capital Projects Sinking Fund, or Permanent 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. Except library books, which are capitalized using a composite method, 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
Library books & audiovisual materials	4
Computer equipment	4

The District capitalizes library books and similar audiovisual materials. Annually, purchased additions are capitalized at cost. Fully depreciated materials are reported as deletions from capital assets in the year after they become fully depreciated.

**ORANGE COUNTY LIBRARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended September 30, 2017**

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

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 acquisition value upon the date of donation.

***Pending Trades***

Pending trade receivables (Due from Brokers) and obligations (Due to Brokers) in the Statement of Fiduciary Net Position-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.

***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 governmentwide 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 liabilities***

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

***Deferred outflows and inflows of resources***

For purposes of measuring changes in the net pension liability for the District's Defined Benefit Pension Plan, differences between expected and actual experience that are not charged to pension expense in the current period are recorded as deferred outflows and inflows of resources in the Statement of Governmental Net Position.

***Net Position***

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Investment in capital assets, consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when a net OPEB or net pension asset is reported or when there are otherwise limitations imposed on their use either through external restrictions imposed by creditors or grantors. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

***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.

**ORANGE COUNTY LIBRARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended September 30, 2017**

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

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.
- **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 by the District's Board of Trustees, the Director, or the Comptroller. No formal policy exists for assigning fund balances.
- **Unassigned** - Fund balance of the general fund that is not constrained for any particular purpose.

For purposes of the Statement of Governmental Net Position, nonspendable endowments are 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, 2017**

**Note 2 - Deposits and investments**

At September 30, 2017, the District had the following deposits and investments:

	<b>Fair Value</b>
General Governmental Deposits:	
Deposits (demand accounts)	\$ 3,064,126
Internal Pooled Cash Equivalents (money market accounts)	541,622
	3,605,748
General Governmental Investments:	
Internal Pooled Investments (US Treasuries, certificates of deposit and FL Safe)	11,742,214
Permanent Fund Investments:	
Mutual Funds - Equity Securities	407,782
Mutual Funds - Fixed Income	224,196
	12,374,192
Internal Service Fund Deposits and Investments:	
Deposits (demand account)	129,485
Internal Pooled Cash Equivalents (money market accounts)	157,096
	286,581
Internal Pooled Investments (US Treasuries, certificates of deposit and FL Safe)	3,405,790
	3,692,371
Defined Contribution Pension Plan Investments:	
Mutual Funds - Equity Securities	16,206,071
Mutual Funds - Fixed Income	5,166,811
Mutual Funds - Stable Value	1,365,039
Mutual Funds - Money Market	55,514
Mutual Funds - Real Estate	252,570
	23,046,005
Money Purchase Pension Plan Investments:	
Mutual Funds - Equity Securities	4,825,933
Mutual Funds - Fixed Income	568,721
Mutual Funds - Stable Value	193,710
Mutual Funds - Money Market	15,607
Mutual Funds - Real Estate	15,855
	5,619,826
Defined Benefit Pension Plan Deposits and Investments:	
Deposits (money market account)	470,423
Individual Securities - Corporate Bonds	3,579,589
Individual Securities - Government Bonds	6,982,711
Individual Securities - Asset Backed Securities	3,157,108
Commingled Account - International Equities	3,062,179
Mutual Funds - Equity Securities	21,157,550
Mutual Funds - International Equities	8,282,248
Mutual Funds - Real Estate	2,799,047
	49,490,855
OPEB Retirement Health Benefit Plan Deposits and Investments:	
Deposits (demand account)	267,385
Mutual Funds - Equity Securities	11,091,669
Mutual Funds - Fixed Income	3,600,957
	14,960,011
Total Deposits and Investments	\$ 112,789,008

**ORANGE COUNTY LIBRARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended September 30, 2017**

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

**Fair Value Measurement of Investments**

The District categorizes its fair value measurements using either level 1, quoted prices in active markets for identical assets, or level 2, quoted prices for similar assets or inactive assets.

At September 30, 2017, the District's fair value categorizations of investment fair value measurements were as follows:

	<u>Fair Value</u> <u>9/30/2017</u>	<u>Quoted Prices in</u> <u>Active Markets for</u> <u>Identical Assets</u> <u>(Level 1)</u>	<u>Significant Other</u> <u>Observable</u> <u>Inputs</u> <u>(Level 2)</u>
<b>Individual securities:</b>			
Corporate bonds	\$ 3,579,589	\$ -	\$ 3,579,589
Government bonds	6,982,711	-	6,982,711
Asset backed securities	3,157,108	-	3,157,108
US Treasuries	8,021,303	-	8,021,303
<b>Mutual funds:</b>			
Domestic equities	47,495,731	47,495,731	-
International equities	14,475,522	14,475,522	-
Stable value	1,558,749	1,558,749	-
Fixed income	9,560,685	9,560,685	-
Real estate	3,067,472	3,067,472	-
Money market accounts	71,121	71,121	-
	<u>\$ 97,969,991</u>	<u>\$ 76,229,280</u>	<u>\$ 21,740,711</u>
<b>Investments reported at amortized cost:</b>			
Florida Prime	<u>\$ 3,318,422</u>		
<b>Investments measured at net asset value:</b>			
Florida Safe	\$ 3,808,280		
The Boston Company (commingled account)	3,062,179		
	<u>\$ 6,870,459</u>		
<b>Total investments</b>	<u>\$ 108,158,872</u>		

**ORANGE COUNTY LIBRARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended September 30, 2017**

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

The District's investment in Florida PRIME, an external investment pool, is measured at amortized cost. Florida PRIME is a qualifying investment pool, essentially operating as a money market fund.

There are currently no limitations as to the frequency of redemptions; however, Florida PRIME has the ability to impose restrictions on withdrawals should a material event occur.

District investments measured at net asset value are summarized as follows:

*Florida Safe*- The District uses this external pool, which is available to local governments, to invest general governmental revenues. Florida Safe's general investment strategy includes safety of capital, liquidity of funds, transparency and investment income, in that order. This investment is redeemable upon notice.

*The Boston Company* - The District's Defined Benefit Pension Plan uses this commingled fund to invest in international securities. The Pricing Policy of The Boston Company requires securities within the fund to be fair value priced daily. This investment is redeemable upon notice.

**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 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, 2017:

Fund/Investment	Type	Credit Quality	Weighted Average Maturity (years)	General Governmental	Internal Service Fund
Federated Government Obligations Fund	Money Market	AAAM	35 days	\$ 423,760	\$ 122,910
Federated Treasury Obligations Fund	Money Market	AAAM	32 days	117,862	34,185
Florida Safe		AAAM	60 days	2,952,048	856,232
Florida PRIME		AAAM	39 days	2,572,327	746,095
US Treasuries		N/A	18 to 33 months	6,217,839	1,803,464
Total Pooled Investments				<u>12,283,836</u>	<u>3,562,886</u>
Bank Deposits				3,064,126	129,485
Total Bank Deposits and Investments				<u>\$ 15,347,962</u>	<u>\$ 3,692,371</u>

**ORANGE COUNTY LIBRARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended September 30, 2017**

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

***Permanent Fund Investments***

Investments in the Permanent Fund are managed in accordance with a Special Funds Investment Policy Statement (Statement). The Statement sets the following asset allocation guidelines: 60% for domestic and foreign equity securities and 40% 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, commingled funds, and cash equivalents. The Permanent Fund investments, other than mutual funds in equity securities, were as follows at September 30, 2017:

Fund/Investment	Type	Credit Quality	Weighted Average Maturity (years)	Fair Value
Vanguard High Yield Corporate Fund	Fixed Income	Ba3	4.90	\$ 120,732
Vanguard Total Bond Market Index Fund	Fixed Income	Baa	8.30	103,464
				<u>\$ 224,196</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, 2017:

Fund/Investment	Type	Credit Quality	Weighted Average Maturity (years)	Fair Value
PIMCO High Yield Fund	Fixed Income	Not Rated	4.71	\$ 68,294
Core Bond Index Fund	Fixed Income	AA	7.56	3,851,285
Low Duration Bond Fund	Fixed Income	A	3.15	1,247,232
Total Fixed				<u>\$ 5,166,811</u>
Plus Fund	Stable Value	Aa2	2.91	<u>\$ 1,365,039</u>
Cash Management Fund	Money Market	AAA	33 days	<u>\$ 55,514</u>

**ORANGE COUNTY LIBRARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended September 30, 2017**

**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, 2017:

<b>Fund/Investment</b>	<b>Type</b>	<b>Credit Quality</b>	<b>Weighted Average Maturity (years)</b>	<b>Fair Value</b>
PIMCO High Yield Fund	Fixed Income	Not Rated	4.71	\$ 13,015
Core Bond index Fund	Fixed Income	AA	7.56	520,996
Low Duration Bond Fund	Fixed Income	A	3.15	34,710
Total Fixed				<u>\$ 568,721</u>
Plus Fund	Stable Value	Aa2	2.91	<u>\$ 193,710</u>
Cash Management Fund	Money Market	AAA	33 Days	<u>\$ 15,607</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, 2017:

<b>Fund/Investment</b>	<b>Type</b>	<b>Average Credit Quality</b>	<b>Weighted Average Maturity (years)</b>	<b>Fair Value</b>
Fidelity Institutional Domestic	Money Market	Aa2	24 days	<u>\$ 470,423</u>
Reams Individual Securities	Corporate Bonds	A3	0.42	<u>\$ 3,579,589</u>
Reams Individual Securities	Government Bonds	Aaa	4.08	<u>\$ 6,982,711</u>
Reams Individual Securities	Asset Backed Securities	Aaa	1.31	<u>\$ 3,157,108</u>



**ORANGE COUNTY LIBRARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended September 30, 2017**

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

***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, 2017:

<b>Fund/Investment</b>	<b>Type</b>	<b>Credit Quality</b>	<b>Weighted Average Maturity (years)</b>	<b>Fair Value</b>
Low Duration Bond Fund	Fixed Income	A	3.15	<u>\$ 3,600,957</u>

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, 2017**

**Note 3 - Capital assets**

Capital asset activity for the year ended September 30, 2017, was as follows:

	<u>Balances October 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances Sept. 30, 2017</u>
<b>Governmental activities:</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 3,349,802	\$ -	\$ -	\$ 3,349,802
Construction in progress	1,462,077	1,692,116	(2,960,337)	193,856
Total capital assets not being depreciated	<u>4,811,879</u>	<u>1,692,116</u>	<u>(2,960,337)</u>	<u>3,543,658</u>
<i>Capital assets being depreciated:</i>				
Buildings	29,794,734	-	-	\$ 29,794,734
Improvements	16,458,712	3,061,488	-	19,520,200
Furniture and equipment	3,919,521	130,976	-	4,050,497
Library books and audiovisual materials	10,390,461	1,707,313	(2,489,828)	9,607,946
Computer equipment	4,932,700	325,642	(289,839)	4,968,503
Total capital assets being depreciated	<u>65,496,128</u>	<u>5,225,419</u>	<u>(2,779,667)</u>	<u>67,941,880</u>
Less accumulated depreciation for:				
Buildings	16,998,002	744,868	-	\$ 17,742,870
Improvements	7,551,923	888,552	-	8,440,475
Furniture and equipment	2,451,520	244,402	-	2,695,922
Library books and audiovisual materials	6,603,769	1,909,742	(2,489,828)	6,023,683
Computer equipment	3,489,715	516,109	(284,926)	3,720,898
Total accumulated depreciation	<u>37,094,929</u>	<u>4,303,673</u>	<u>(2,774,754)</u>	<u>38,623,848</u>
Total capital assets being depreciated, net	<u>28,401,199</u>	<u>921,746</u>	<u>(4,913)</u>	<u>29,318,032</u>
Governmental activities capital assets, net	<u>\$ 33,213,078</u>	<u>\$ 2,613,862</u>	<u>\$ (2,965,250)</u>	<u>\$ 32,861,690</u>

**ORANGE COUNTY LIBRARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended September 30, 2017**

**Note 4 - Long-term liabilities:**

A summary of changes in long-term liabilities is as follows:

	<u>Balance October 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2017</u>	<u>Due Within One Year</u>
Net pension liability	1,584,446	-	1,584,446	-	-
Accrued compensated absences	\$ 1,561,844	\$ 1,756,700	\$ 1,360,361	\$ 1,958,183	\$ 1,032,640
	<u>\$ 3,146,290</u>	<u>\$ 1,756,700</u>	<u>\$ 2,944,807</u>	<u>\$ 1,958,183</u>	<u>\$ 1,032,640</u>

The General Fund liquidates accrued compensated absences.

**Note 5 - 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, 2017:

Year Ending September 30,	
2018	\$ 1,109,602
2019	695,054
2020	265,867
2021	134,093
2022	19,394
	<hr/>
Total minimum future rentals	<u>\$ 2,224,010</u>

Total lease expenditures for the year ended September 30, 2017 were \$1,540,588, of which \$1,096,024 was for facilities and \$444,564 was for books and other materials leased.

**ORANGE COUNTY LIBRARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended September 30, 2017**

**Note 6 - Interfund Balances and Transfers**

The composition of interfund balances as of September 30, 2017 is as follows:

<b>Due from:</b>	<b>Due to Internal Service Fund</b>
OPEB Trust Fund	\$449,466

The \$449,466 balance represents the health insurance claims activities of retirees ages 55-64.

The table below details interfund transfers during the year ended September 30, 2017.

<b>Transfers Out</b>	<b>Transfer In Capital Projects Fund</b>
General Fund	\$1,000,000

\$1,000,000 was transferred from the General Fund to the Capital Projects Fund to fund future branch expansion projects.

**Note 7 - 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 fulltime 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. The Board of Trustees appoints three employees to administer the Plan in accordance with the Plan document. Separate, stand-alone financial statements for the Plan are not prepared.

At January 1, 2017, the date of the latest actuarial valuation, Plan participation consisted of:

Retirees and beneficiaries receiving benefits	128
Terminated employees entitled to benefits but not yet receiving them	62
Active employees	<u>102</u>
Total Plan Participants	<u><u>292</u></u>

**ORANGE COUNTY LIBRARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended September 30, 2017**

**Note 7 - Pension plans (continued)**

Benefits - The Plan provides retirement benefits calculated as 2% of the member's final 5 year average salary out of the last ten years of employment times the member's years of service. Members with 10 years of service are eligible to retire at age 55 with a reduced benefit (5% reduction for each year earlier than age 65). Benefit terms provide for a 2% annual cost of living adjustment subsequent to the member's retirement date.

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 entry age normal actuarial funding method.

The actuarial determined contribution under the entry age normal method is calculated as the normal cost, amounting to \$809,614, which was the amount contributed by the District for the year ended September 30, 2017. 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 ten years.

Actuarial assumptions - The total pension liability was determined using the following actuarial assumptions which were also used in the most recent actuarial report prepared as of January 1, 2017:

Investment rate of return	6.75%
Projected salary increases	4.5%
Inflation rate	0.0%
Cost of living adjustments	2.0% per annum
Mortality table	RP-2000 Combined Healthy Generational table, by gender, Scale BB

Investments - Plan investments are managed in accordance with an Investment Policy Statement ("Statement"), which was approved and can be amended by the District's Board of Trustees. The Statement, which authorizes investments in domestic and international equities, fixed income securities, and real estate investment trusts, provides the following allocation guidelines. The long term expected real rate of return, provided on an arithmetic basis, is also indicated for each investment allocation outlined in the Statement as follows:

	Allocation Guideline	Long Term Expected Rate of Return
Domestic equities	40%	9%
International equities	25%	7%
Fixed income	35%	5%
Real estate investments trusts	N/A	6%

**ORANGE COUNTY LIBRARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended September 30, 2017**

**Note 7 - Pension plans (continued)**

Specific investments exceeding 5% of the Plan's net position consisted of the following; Vanguard REIT Index Mutual Fund, Vanguard Russell 3000 Index Mutual Fund, and Vanguard Total International Stock Index Mutual Fund, Vanguard Small Cap Index Fund, and Vanguard Strategic Small Cap Equity Fund.

For the fiscal year ended September 30, 2017, the annual money-weighted rate of return on Plan investments, was 11.7%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

Discount rate - The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine this discount rate assumed that the District would continue to fund the actuarially determined contribution. Based on this assumption and the investment long term expected rate of return for each asset class, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments. Therefore, the long term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine total pension liability.

Changes in net pension liability - The net pension liability at September 30, 2017 is based on a January 1, 2017 actuarial valuation rolled forward using actuarial methods to the September 30, 2017 measurement date. The components of changes during fiscal 2017 are as follows:

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (Asset) (a) - (b)</b>
Balances at 10/1/2016	\$44,824,979	\$43,240,533	\$1,584,446
Changes for the year:			
Service Cost	547,066	-	547,066
Interest	3,002,367	-	3,002,367
Differences between expected and actual experience	(271,908)	-	(271,908)
Contributions - employer	-	809,614	(809,614)
Net investment income	-	4,965,286	(4,965,286)
Benefits payments, including refunds of employee contributions	(1,814,685)	(1,814,685)	-
Administrative expense	-	(16,718)	16,718
Net changes	<u>1,462,840</u>	<u>3,943,497</u>	<u>(2,480,657)</u>
Balances at 9/30/2017	<u>\$46,287,819</u>	<u>\$47,184,030</u>	<u>(\$896,211)</u>

**ORANGE COUNTY LIBRARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended September 30, 2017**

**Note 7 - Pension plans (continued)**

The following presents the net pension liability (asset), using the discount rate of 6.75%, as well as what it would be if it were calculated using a discount rate that is 1% lower (5.75%) and 1% higher (7.75%) than the current rate:

	1 % Decrease - 5.75%	Current Rate- 6.75%	1% Increase- 7.75%
Net pension liability (asset)	\$5,360,775	(\$896,211)	(\$6,100,899)

Pension expense and deferred outflows and deferred inflows of resources related pensions - For the year ended September 30, 2017, the District recognized pension expense of \$1,232,356. At September 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ -	\$ 465,673
Changes in assumptions	1,235,887	-
Net difference between projected & actual earnings on pension plan investments	-	794,720
	<b>\$ 1,235,887</b>	<b>\$ 1,260,393</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:

2018	\$567,003
2019	470,518
2020	(645,931)
2021	(416,096)

**ORANGE COUNTY LIBRARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended September 30, 2017**

**Note 7 - Pension plans (continued)**

***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, 2017, there were 408 participants and the fair value of the Defined Contribution Plan investments was \$23,046,005.

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, 2017, the District contributed \$1,210,369 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.

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, 2017, there were 160 participants and the fair value of the Money Purchase Plan investments was \$5,619,826.



**ORANGE COUNTY LIBRARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended September 30, 2017**

**Note 7 - Pension plans (continued)**

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, 2017, the District contributed \$664,955 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.

**Note 8 - 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 Agreements (CBA) previously in effect, 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). The Collective Bargaining Unit was decertified in 2015, but retiree benefits are dictated by the CBA in effect when the CBA retiree retired.

Retirees are eligible to participate in the District's dental plan just like current employees.

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

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.

**ORANGE COUNTY LIBRARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended September 30, 2017**

**Note 8 - Other Postemployment Benefit Plan (continued)**

As of the January 1, 2017, the date of the latest actuarial validation, plan participation consisted of:

Retirees and beneficiaries receiving benefits	106
Active employees	234
	340
Total Plan Participants	340

Funding Policy - The District has the authority to establish and amend the funding policy for its OPEB Plan. For the year ended September 30, 2017, the District contributed \$690,843, which was the annual required contribution per the January 1, 2016 Actuarial Report for the OPEB. 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 required contributions are actuarially determined and include normal costs. Employer contribution rates are determined using the entry age normal actuarial funding method.

The actuarial determined contribution under the entry age normal method is calculated as the normal cost, amounting to \$690,843, which was the amount contributed by the District for the year ended September 30, 2017. 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 ten 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 (\$750 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.

Annual OPEB Plan Cost and Net OPEB Asset - 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 position as of September 30, 2017.

**ORANGE COUNTY LIBRARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended September 30, 2017**

**Note 8 - Other Postemployment Benefit Plan (continued)**

Annual required contribution	\$	690,843
Interest on net OPEB asset		(14,875)
Adjustment to annual required contribution		44,386
Annual OPEB Cost (expense)		720,354
Contributions Made		690,843
Decrease in net OPEB asset		(29,511)
Net OPEB asset - Beginning of year		228,841
Net OPEB asset - End of year	\$	199,330

The General Fund liquidates any Net OPEB Obligation.

The Net OPEB Asset of \$199,330 is presented as an asset on the District's entity wide financial statement.

<b>Fiscal Year Ended</b>	<b>OPEB Cost</b>	<b>Amount Contributed</b>	<b>Percentage of OPEB Cost Contributed</b>	<b>Net OPEB Asset</b>
9/30/2015	\$650,629	\$632,436	97%	\$250,190
9/30/2016	\$585,359	\$564,010	96%	\$228,841
9/30/2017	\$720,354	\$690,843	96%	\$199,330

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, 2017. As of this point in time, the actuarial accrued liability for benefits was \$13,669,200 and the actuarial value of investments was \$13,068,255, resulting in an unfunded actuarial accrued liability of \$600,945 and a funded ratio of 96%. The annual covered payroll was \$11,808,663 and the ratio of the unfunded actuarial accrued liability to covered payroll was 5%.

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.

**ORANGE COUNTY LIBRARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended September 30, 2017**

**Note 8 - Other Postemployment Benefit Plan (continued)**

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 shortterm volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the longterm perspective of the calculations.

Valuation Date	January 1, 2017
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percent of payroll, closed period
Amortization period	Closed 5 year period
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return	6.5% Compounded annually
Inflation rate	2.5% general price inflation annual rate
Projected annual salaries increases	4.5%
Mortality tables	<p>Monthly rates are used to measure the probabilities of participants dying before and after retirement. These are taken from the RP-2000 Combined Healthy Participant Mortality Table for active members and the RP-2000 Mortality Table Annuitants for non-disabled inactive members, with mortality improvement projected to all future years from the year 2000 using Projection Scale BB. Rates have been adjusted to be a blend of 50% White Collar and 50% Blue Collar (male) and 100% White Collar (female).</p> <p>Mortality rates for impaired (from disability) lives are based on the RP-2000 Disabled Retiree tables and Healthy White Collar tables for males and females. Rates have been adjusted to be 100% Disabled Retiree with setback four years (male) and set forward two years (female).</p>

**ORANGE COUNTY LIBRARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended September 30, 2017**

**Note 8 - Other Postemployment Benefit Plan (continued)**

Healthcare cost trend rate                      Monthly medical and prescription benefits are assumed to increase each year according to the rates in the following table

**Annual Increase Rates**

Year	Medical/Rx	Gross Premium Contribution
2018	7.00%	7.00%
2019	6.75%	6.75%
2020	6.50%	6.50%
2021	5.72%	5.72%
2022	5.59%	5.59%
2023	5.46%	5.46%
2024	5.33%	5.33%
2025	5.21%	5.21%
Thereafter	5.08% - 4.24%	5.08% - 4.24%

Investments - Plan investments are managed in accordance with an Investment Policy Statement (Statement), which was approved and can be amended by the District's Board of Trustees. The Statement, which authorizes investments in domestic and international equities, fixed income securities, and real estate investment trusts, provides the following allocation guidelines. The long term expected real rate of return, provided on an arithmetic basis, is also indicated for each investment allocation outlined in the Statement as follows:

	Allocation Guideline	Long Term Expected Rate of Return
Domestic and International equities	70%	Domestic 9%, International 7%
Fixed income	30%	5%
Real estate investments trusts	N/A	6%

Specific investments exceeding 5% of the Plan's net position consist of the following: Vantagepoint Low Duration Bond Fund, Vantagepoint Broad Market Index Fund, Vantagepoint Mid/Small Cap Index Fund, and Vantagepoint Overseas Equity Index Fund.

For fiscal year ended September 30, 2017, the annual money-weighted rate of return on the Plan investments, net of investment expenses, was 14.3%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

**ORANGE COUNTY LIBRARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended September 30, 2017**

**Note 8 - Other Postemployment Benefit Plan (continued)**

The net OPEB asset of the District at September 30, 2017, calculated in accordance with Governmental Accounting Standards Board Statement No. 74 ("GASB 74"), *Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans*, which will be presented on the District's government-wide statement of net position upon adoption of Governmental Accounting Standards Board Statement No. 75 ("GASB 75"), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in fiscal 2018, consisted of the following components:

Total OPEB liability	\$14,073,749
Plan fiduciary net position	<u>14,516,244</u>
Net OPEB asset	<u>\$ 442,495</u>
Plan fiduciary net position as a percentage of the total OPEB liability	103.1%

The discount rate used to measure the total OPEB asset was 6.5%. The projection of cash flows used to determine this discount rate assumed that the District would continue to fund the actuarially determined contribution. Based on this assumption and investment long term expected rate of return for each asset class, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments. Therefore, the long term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the net OPEB liability (asset), calculated under GASB 74 using the discount rate of 6.5%, as well as what it would be if it were calculated using a discount rate that is 1% lower (5.5%) and 1% higher (7.5%) than the current rate:

	1 % Decrease - <b>5.5%</b>	Current Rate - <b>6.5%</b>	1% Increase - <b>7.5%</b>
Net OPEB liability (asset)	\$1,498,551	(\$442,495)	(\$2,016,746)

The following presents the net OPEB liability (asset) calculated under GASB 74, using the same health care trend rates used in the most recent actuarial valuation, as well as what the net OPEB liability (asset) would be if it were calculated using a sequence of health care trend rates that are 1% lower and 1% higher:

1% Trend Decrease	Trend Rate Assumption	1% Trend Increase
<b>6.0%</b> decreasing to <b>3.70%</b>	<b>7.0%</b> decreasing to <b>4.70%</b>	<b>8.0%</b> decreasing to <b>5.70%</b>
(\$2,279,866)	(\$442,495)	\$1,882,311

**ORANGE COUNTY LIBRARY DISTRICT**  
**Notes to Financial Statements**  
**Year Ended September 30, 2017**

**Note 8 - Other Postemployment Benefit Plan (continued)**

Updated procedures were applied to the Plan's January 1, 2017 actuarial valuation to roll forward the total OPEB asset to September 30, 2017 for purposes of the GASB 74 calculation.

**Note 9 - 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 position and activities in an internal service fund.

The District's health internal service fund covered claims up to \$175,000 per individual. The District purchased excess stop loss coverage on an individual basis where individual claims exceeded the \$175,000 limit.

The claims liability of \$186,859 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, 2015 are as follows:

<u>Fiscal Year</u> <u>Ended</u>	<u>Balance</u> <u>October 1</u>	<u>Additions</u>	<u>Claim Payments</u>	<u>Balance</u> <u>September 30</u>
9/30/2016	\$ 120,313	\$ 2,453,080	\$ (2,396,133)	\$ 177,260
9/30/2017	\$ 177,260	\$ 1,865,074	\$ (1,855,745)	\$ 186,589

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 2017, 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, 2017**

**Note 10 - 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 2017 are for the purpose of financing the budget of the 2018 fiscal year. Property tax revenues recognized for the 2017 fiscal year were levied in September 2016.

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, 2017.

Key dates in the property tax cycle for revenues recognized in fiscal year 2017 include the following:

Lien date	January 1, 2016
Property taxes levied	September 20, 2016
Beginning of fiscal year for which taxes have been levied	October 1, 2016
Tax bills rendered	November 1, 2016
Property taxes payable:	
Maximum discount (latest date)	November 30, 2016
Delinquent	April 1, 2017
Tax certificates sold on unpaid taxes	May 31, 2017



**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, 2017**

	<u>Original and Final Budgeted Amounts</u>	<u>Budgetary Basis Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<b>Revenues:</b>			
<b>Taxes:</b>			
Property	\$ 36,471,913	\$ 36,747,153	\$ 275,240
<b>Intergovernmental revenues:</b>			
State Aid to Libraries	951,000	970,528	19,528
Federal and State Grants	-	82,090	82,090
<b>Charges for services:</b>			
Fines	700,000	786,065	86,065
Copiers/vending machines	220,000	226,325	6,325
Other fees	207,000	276,723	69,723
<b>Miscellaneous revenue:</b>			
Investment income	70,000	165,352	95,352
Contributions	81,000	103,139	22,139
Other	171,000	543,665	372,665
<b>Total revenues</b>	<u>38,871,913</u>	<u>39,901,040</u>	<u>1,029,127</u>
<b>Expenditures:</b>			
<b>Current:</b>			
Salaries and benefits	22,125,000	22,052,113	72,887
Operating	9,744,000	9,534,876	209,124
Capital outlay	8,378,000	6,823,240	1,554,760
<b>Total expenditures</b>	<u>40,247,000</u>	<u>38,410,229</u>	<u>1,836,771</u>
<b>Revenues over (under) expenditures</b>	<u>(1,375,087)</u>	<u>1,490,811</u>	<u>2,865,898</u>
<b>Other financing sources (uses):</b>			
Operating transfers in (out)	(1,000,000)	(1,000,000)	-
Transfers from constitutional officers	295,000	398,694	103,694
<b>Total other financing sources (uses)</b>	<u>(705,000)</u>	<u>(601,306)</u>	<u>103,694</u>
<b>Net change in fund balance</b>	<u>\$ (2,080,087)</u>	889,505	<u>\$ 2,969,592</u>
<b>Fund balance at beginning of year</b>		<u>9,616,560</u>	
<b>Fund balance at end of year</b>		<u>\$ 10,506,065</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, 2017**

**Schedule of Employer Contributions**

<b>Year Ended September 30</b>	<b>Actuarially Determined Contribution</b>	<b>Contribution in Relation to Actuarially Determined</b>	<b>Contribution Excess (Deficiency)</b>	<b>Covered Payroll</b>	<b>Percentage of Covered Payroll Contributed</b>
2008	\$ 931,296	\$ 1,002,912	\$ 71,616	\$ 7,595,557	13.2%
2009	\$ 1,844,299	\$ 1,200,648	\$ (643,651)	\$ 7,612,281	15.8%
2010	\$ 1,226,649	\$ 1,432,399	\$ 205,750	\$ 6,445,574	22.2%
2011	\$ 891,426	\$ 1,056,751	\$ 165,325	\$ 6,104,311	17.3%
2012	\$ 1,141,821	\$ 1,106,367	\$ (35,454)	\$ 5,634,242	19.6%
2013	\$ 880,688	\$ 945,971	\$ 65,283	\$ 5,401,961	17.5%
2014	\$ 627,395	\$ 690,719	\$ 63,324	\$ 5,226,257	13.2%
2015	\$ 614,847	\$ 614,847	\$ -	\$ 5,169,894	11.9%
2016	\$ 806,723	\$ 806,723	\$ -	\$ 4,807,950	16.8%
2017	\$ 809,614	\$ 809,614	\$ -	\$ 4,775,367	17.0%

**ORANGE COUNTY LIBRARY DISTRICT**  
**Defined Benefit Pension Plan**  
**Schedule of Changes in Net Pension Liability (Asset)**  
**Year Ended September 30, 2017**

	2017	2016	2015	2014
<b>Total pension liability</b>				
Service cost	\$ 547,066	\$ 584,935	\$ 608,203	\$ 643,083
Interest	3,002,367	2,848,788	2,749,937	2,674,586
Differences between expected and actual experience	(271,908)	(481,840)	(239,752)	(619,604)
Changes in assumptions	-	2,648,331	-	-
Benefit payments, including refunds of employee contributions	(1,814,685)	(1,745,038)	(1,622,931)	(1,551,781)
<b>Net change in total pension liability</b>	<u>1,462,840</u>	<u>3,855,176</u>	<u>1,495,457</u>	<u>1,146,284</u>
<b>Total pension liability - beginning</b>	<u>44,824,979</u>	<u>40,969,803</u>	<u>39,474,346</u>	<u>38,328,062</u>
<b>Total pension liability - ending (A)</b>	<u>\$ 46,287,819</u>	<u>\$ 44,824,979</u>	<u>\$ 40,969,803</u>	<u>\$ 39,474,346</u>
<b>Plan fiduciary net position</b>				
Employer contributions	\$ 809,614	\$ 806,723	\$ 614,847	\$ 690,719
Net investment income	4,965,286	3,772,044	(720,586)	3,381,106
Benefit payments, including refunds of employee contributions	(1,814,685)	1,745,038)	(1,622,931)	(1,551,781)
Administrative expense	(16,718)	(16,045)	(15,918)	(15,511)
<b>Net change in plan fiduciary net position</b>	<u>3,943,497</u>	<u>2,817,684</u>	<u>(1,744,588)</u>	<u>2,504,533</u>
<b>Plan fiduciary net position - beginning</b>	<u>43,240,533</u>	<u>40,422,849</u>	<u>42,167,437</u>	<u>39,662,904</u>
<b>Plan fiduciary net position - ending (B)</b>	<u>\$ 47,184,030</u>	<u>\$ 43,240,533</u>	<u>\$ 40,422,849</u>	<u>\$ 42,167,437</u>
<b>Plan net pension liability (asset) - ending (A-B)</b>	\$ (896,211)	\$ 1,584,446	\$ 546,954	\$ (2,693,091)
<b>Plan fiduciary net position as a percentage of total pension liability (asset)</b>	101.9%	96.5%	98.7%	106.8%
<b>Covered employee payroll</b>	\$ 4,775,367	\$ 4,807,950	\$ 5,169,894	\$ 5,226,257
<b>Net pension liability (asset) as a percentage of covered employee payroll</b>	18.8%	33.0%	10.6%	51.5%

Note: Information is not available for years preceding fiscal 2014.

**ORANGE COUNTY LIBRARY DISTRICT**  
**Defined Benefit Pension Plan**  
**Year Ended September 30, 2017**

**Actuarial Methods and Assumptions**  
**Last fiscal year**

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Valuation date	January 1, 2017
Actuarial cost method	Entry age normal actuarial funding
Amortization method	Level percent of payroll, closed period
Amortization period	10 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	6.75%
Projected salary increases	4.5%
Inflation rate	0.0%
Cost of living adjustments	2.0% per annum
Mortality table	RP-2000 Combined Healthy Generational table

**Schedule of Investment Returns**  
**Last four fiscal years**

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Annual money-weighted rate of return, net of investment expenses

2014	8.7%
2015	-1.6%
2016	9.5%
2017	11.7%

Note: Information is not available for years preceding fiscal 2014.

**ORANGE COUNTY LIBRARY DISTRICT**  
**Other Postemployment Benefit Plan**  
**Schedule of changes in net OPEB Liability (Asset)**

	<b>2017</b>
<b>Total OPEB liability</b>	
Service cost	\$ 368,597
Interest on the total OPEB liability	879,525
Net benefit payments	(673,847)
	574,275
<b>Net change in total OPEB liability</b>	574,275
<b>Total OPEB liability - beginning</b>	13,499,474
	\$ 14,073,749
<b>Plan Fiduciary net position</b>	
Employer contributions	\$ 690,843
Net investment income	1,813,966
Benefit payments	(673,847)
Administrative expense	(10,047)
	1,820,915
<b>Net change in plan fiduciary net position</b>	1,820,915
<b>Plan fiduciary net position - beginning</b>	12,695,329
	\$ 14,516,244
<b>Plan fiduciary net position - ending (B)</b>	
<b>Net OPEB liability (asset) - ending (A) - (B)</b>	\$ (442,495)
<b>Plan fiduciary net position as a percentage of total OPEB liability</b>	103.14%
<b>Covered employee payroll (CEP)</b>	\$ 11,939,326
<b>Net OPEB liability (asset) as a percentage of CEP</b>	3.71%

Note: Information is not available for years preceding fiscal 2017.

**ORANGE COUNTY LIBRARY DISTRICT**  
**Other Postemployment Benefits Plan**  
**Year Ended September 30, 2017**

**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Liability (AAL)- Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b>
1/1/2015	\$11,799,197	\$12,736,488	\$937,291	93%	\$10,459,377	9%
1/1/2016	\$11,929,430	\$13,280,002	\$1,350,572	90%	\$10,952,082	12%
1/1/2017	\$13,068,255	\$13,669,200	\$600,945	96%	\$11,808,663	5%

**Schedule of Employer Contributions**

<b>Year Ended September 30</b>	<b>Actuarially determined contribution</b>	<b>Contribution in Relation to Actuarially Required</b>	<b>Contribution Excess (Deficiency)</b>	<b>Covered Payroll</b>	<b>Percentage of Covered Payroll Contributed</b>
2008	\$1,627,892	\$1,627,892	-	*	*
2009	\$1,124,658	\$1,124,658	-	*	*
2010	\$1,392,656	\$1,392,656	-	*	*
2011	\$1,469,302	\$1,469,302	-	*	*
2012	\$1,332,116	\$1,632,116	\$300,000	*	*
2013	\$1,301,508	\$1,285,259	(\$16,249)	*	*
2014	\$873,753	\$858,385	(\$15,368)	*	*
2015	\$632,436	\$632,436	-	*	*
2016	\$564,010	\$564,010	-	*	*
2017	\$690,843	\$690,843	-	\$11,939,326	5.8%

\* Covered payroll is not available for years preceding fiscal 2017.

**ORANGE COUNTY LIBRARY DISTRICT**  
**Other Postemployment Benefits Plan**  
**Year Ended September 30, 2017**

**Actuarial Methods and Assumptions**  
**Last fiscal year**

---

Valuation date	January 1, 2017
Actuarial cost method	Entry age normal cost method
Amortization method	Level percent of payroll, closed period
Amortization period	Closed 5 year period
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	6.5%
Projected salary increases	4.5%
Inflation rate	2.5% general; price inflation annual rate
Healthcare cost trend rate	7.0% for 2018 decreasing to an ultimate rate of 4.24% by 2040 and thereafter.

**Schedule of Investment Returns**  
**Last eight fiscal years**

---

Annual money-weighted rate of return, net of investment expenses

2010	9.2%
2011	-2.6%
2012	19.5%
2013	17.7%
2014	9.3%
2015	-1.8%
2016	10.1%
2017	14.3%

Note: Information is not available for years preceding 2010.



**OTHER SUPPLEMENTARY INFORMATION**

**ORANGE COUNTY LIBRARY DISTRICT**  
**Combining Statement of Fiduciary Net Position-**  
**Pension and Other Postemployment Benefit Trust Funds**  
**September 30, 2017**

<b>Assets</b>	<b>Defined Benefit</b>	<b>Defined Contribution</b>	<b>Money Purchase</b>	<b>OPEB</b>	<b>Total</b>
Cash and cash equivalents	\$ 470,423	\$ -	\$ -	\$ 267,385	\$ 737,808
Investments:					
Individual securities:					
Corporate bonds	3,579,589	-	-	-	3,579,589
Government bonds	6,982,711	-	-	-	6,982,711
Asset backed securities	3,157,108	-	-	-	3,157,108
Commingled accounts:					
International equities	3,062,179	-	-	-	3,062,179
Mutual funds:					
Domestic equities	21,157,550	13,622,462	4,048,621	8,396,887	47,225,520
International equities	8,282,248	2,583,609	777,312	2,694,782	14,337,951
Stable value	-	1,365,039	193,710	-	1,558,749
Fixed income	-	5,166,811	568,721	3,600,957	9,336,489
Real Estate	2,799,047	252,570	15,855	-	3,067,472
Money market accounts	-	55,514	15,607	-	71,121
Total Investments	<u>49,020,432</u>	<u>23,046,005</u>	<u>5,619,826</u>	<u>14,692,626</u>	<u>92,378,889</u>
Accrued income	48,637	-	-	5,699	54,336
Due from Brokers (pending trades)	<u>1,736,623</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,736,623</u>
<b>Total assets</b>	<b><u>\$ 51,276,115</u></b>	<b><u>\$ 23,046,005</u></b>	<b><u>\$ 5,619,826</u></b>	<b><u>\$ 14,965,710</u></b>	<b><u>\$ 94,907,656</u></b>
<b>Liabilities</b>					
Due to Brokers (pending trades)	\$ 4,067,099	\$ -	\$ -	\$ -	\$ 4,067,099
Accounts Payable	24,986	-	-	-	24,986
Due to Internal Service Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>449,466</u>	<u>449,466</u>
<b>Total liabilities</b>	<b><u>\$ 4,092,085</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 449,466</u></b>	<b><u>\$ 4,541,551</u></b>
Net position restricted for pension and other postemployment benefits	<u>\$ 47,184,030</u>	<u>\$ 23,046,005</u>	<u>\$ 5,619,826</u>	<u>\$ 14,516,244</u>	<u>\$ 90,366,105</u>

**ORANGE COUNTY LIBRARY DISTRICT**  
**Combining Statement of Changes in Fiduciary Net Position-**  
**Pension and Other Postemployment Benefit Trust Funds**  
**Year Ended September 30, 2017**

	<u>Defined Benefit</u>	<u>Defined Contribution</u>	<u>Money Purchase</u>	<u>OPEB</u>	<u>Total</u>
<b>Additions:</b>					
Employer contributions:					
General Fund	\$ 809,614	\$ 1,210,369	\$ 664,955	\$ 690,843	\$ 3,375,781
Investment income	5,078,358	2,444,357	668,466	1,813,966	10,005,147
Investment expenses	(113,072)	-	-	-	(113,072)
	<u>5,774,900</u>	<u>3,654,726</u>	<u>1,333,421</u>	<u>2,504,809</u>	<u>13,267,856</u>
<b>Total additions</b>					
<b>Deductions:</b>					
Benefits paid to participants	1,814,685	1,306,750	35,088	673,847	3,830,370
Administrative expenses	16,718	1,526	488	10,047	28,779
	<u>1,831,403</u>	<u>1,308,276</u>	<u>35,576</u>	<u>683,894</u>	<u>3,859,149</u>
<b>Total deductions</b>					
<b>Change in net position</b>	3,943,497	2,346,450	1,297,845	1,820,915	9,408,707
<b>Net position - beginning of year</b>	<u>43,240,533</u>	<u>20,699,555</u>	<u>4,321,981</u>	<u>12,695,329</u>	<u>80,957,398</u>
<b>Net position - end of year</b>	<u>\$ 47,184,030</u>	<u>\$ 23,046,005</u>	<u>\$ 5,619,826</u>	<u>\$ 14,516,244</u>	<u>\$ 90,366,105</u>

**ORANGE COUNTY LIBRARY DISTRICT**  
**Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balance - Budget and Actual - Capital Projects Fund**  
**Year Ended September 30, 2017**

	<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	\$ 8,000	\$ 27,374	\$ 19,374
<b>Total revenues</b>	<u>8,000</u>	<u>27,374</u>	<u>19,374</u>
<b>Expenditures:</b>			
Capital outlay	250,000	-	250,000
<b>Total expenditures</b>	<u>250,000</u>	<u>-</u>	<u>250,000</u>
<b>Revenues over (under) expenditures</b>	<u>(242,000)</u>	<u>27,374</u>	<u>269,374</u>
<b>Other Financing Sources:</b>			
Transfers in	1,000,000	1,000,000	-
<b>Net change in fund balance</b>	<u>\$ 758,000</u>	1,027,374	<u>\$ 269,374</u>
<b>Fund balance at beginning of year</b>		<u>2,805,656</u>	
<b>Fund balance at end of year</b>		<u>\$ 3,833,030</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, 2017**

	<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	\$ 2,000	\$ 4,211	\$ 2,211
<b>Total revenues</b>	<u>2,000</u>	<u>4,211</u>	<u>2,211</u>
<b>Revenues over (under) expenditures</b>	<u>2,000</u>	<u>4,211</u>	<u>2,211</u>
<b>Net change in fund balance</b>	<u>\$ 2,000</u>	4,211	<u>\$ 2,211</u>
<b>Fund balance at beginning of year</b>		<u>497,582</u>	
<b>Fund balance at end of year</b>		<u>\$ 501,793</u>	

**ORANGE COUNTY LIBRARY DISTRICT**  
**Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balance - Budget and Actual - Permanent Fund**  
**Year Ended September 30, 2017**

	<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	\$ 73,327	\$ 63,327
<b>Total revenues</b>	<u>10,000</u>	<u>73,327</u>	<u>63,327</u>
<b>Expenditures:</b>			
Capital outlay	10,000	-	10,000
<b>Total expenditures</b>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
<b>Revenues over (under) expenditures</b>	<u>-</u>	<u>73,327</u>	<u>73,327</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	73,327	<u>\$ 73,327</u>
<b>Fund balance at beginning of year</b>		<u>559,693</u>	
<b>Fund balance at end of year</b>		<u>\$ 633,020</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.

<b><u>Contents</u></b>	<b><u>Pages</u></b>
<b>Financial Trends</b>	<b>63 -66</b>
<p>These schedules contain trend information to help the reader understand how the District's financial performance and position have changed over time.</p>	
<b>Revenue Capacity</b>	<b>67-70</b>
<p>These schedules contain information to help the reader assess the factors affecting the District's ability to generate property taxes.</p>	
<b>Debt Capacity</b>	<b>71-75</b>
<p>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.</p>	
<b>Demographic and Economic Information</b>	<b>76-77</b>
<p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.</p>	
<b>Operating Information</b>	<b>78-80</b>
<p>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.</p>	

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 POSITION GOVERNMENTAL ACTIVITIES LAST TEN FISCAL YEARS (accrual basis of accounting)

FISCAL YEAR	NET INVESTMENT IN CAPITAL ASSETS	RESTRICTED (3)	UNRESTRICTED	TOTAL
2017	\$ 32,861,690	\$ 1,753,058	\$ 16,822,368	\$ 51,437,116
2016	33,213,078	886,358 (2)	16,684,484	50,783,920
2015	29,407,021	407,707	17,853,751	47,668,479
2014	26,859,536	439,319	18,769,164	46,068,019
2013	25,962,992	852,297	20,801,812	47,617,101
2012	26,552,839	1,457,517 (1)	22,073,543	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	877,803	16,396,625	46,771,698

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

(2) Includes \$500,000 Kendrick B. Melrose donation received in FY 2016.

(3) Includes net pension asset and net OPEB asset information for FY 2008 - 2016 has been updated from that previously reported.

**ORANGE COUNTY LIBRARY DISTRICT**

**CHANGES IN NET POSITION  
GOVERNMENTAL ACTIVITIES  
LAST TEN FISCAL YEARS**  
(accrual basis of accounting)

	Fiscal Year									
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>Program Expenses</b>										
Salaries and benefits	\$ 22,900,705	\$ 21,474,152	\$ 20,414,549	\$ 18,883,855	\$ 18,140,914	\$ 17,859,087	\$ 18,137,533	\$ 19,985,436	\$ 22,350,593	\$ 20,758,381
Operating	9,087,009	9,354,014	8,454,658	7,855,277	8,645,249	7,904,571	7,456,834	8,003,829	8,548,878	8,469,378
Depreciation	4,303,673	4,382,963	2,096,541	1,942,267	1,816,789	1,847,548	1,888,744	1,905,805	1,820,151	1,862,506
Materials	2,866,042	2,898,914	4,863,762	4,472,687	4,533,827	4,653,884	4,458,761	4,790,414	5,043,870	4,980,166
Interest	-	-	-	-	-	-	-	2,197	22,781	35,233
<b>Total Expenses</b>	<b>\$ 39,157,429</b>	<b>\$ 38,110,043</b>	<b>\$ 35,829,510</b>	<b>\$ 33,154,086</b>	<b>\$ 33,136,779</b>	<b>\$ 32,265,090</b>	<b>\$ 31,941,872</b>	<b>\$ 34,687,681</b>	<b>\$ 37,786,273</b>	<b>\$ 36,105,664</b>
<b>Program Revenues</b>										
Charges for services	\$ 1,289,113	\$ 1,377,878	\$ 1,511,583	\$ 1,559,911	\$ 1,554,924	\$ 1,740,844	\$ 1,921,219	\$ 1,927,773	\$ 2,086,207	\$ 1,984,315
Operating grants & contrib.	1,237,111	1,151,860	1,501,688	1,226,815	1,289,380	1,343,216	1,299,721	1,205,780	1,316,954	1,414,164
Capital grants & contrib.	-	500,000	446,227	53,773	-	1,000,000	-	-	-	-
<b>Total Program Revenues</b>	<b>\$ 2,526,224</b>	<b>\$ 3,029,738</b>	<b>\$ 3,459,498</b>	<b>\$ 2,840,499</b>	<b>\$ 2,844,304</b>	<b>\$ 4,084,060</b>	<b>\$ 3,220,940</b>	<b>\$ 3,133,553</b>	<b>\$ 3,403,161</b>	<b>\$ 3,398,479</b>
<b>Total Net (Exp.)</b>	<b>\$ (36,631,205)</b>	<b>\$ (35,080,305)</b>	<b>\$ (32,370,012)</b>	<b>\$ (30,313,587)</b>	<b>\$ (30,292,475)</b>	<b>\$ (28,181,030)</b>	<b>\$ (28,720,932)</b>	<b>\$ (31,554,128)</b>	<b>\$ (34,383,112)</b>	<b>\$ (32,707,185)</b>
<b>General Revenues</b>										
Property Taxes	\$ 36,747,153	\$ 33,714,713	\$ 30,552,756	\$ 28,374,814	\$ 27,375,629	\$ 27,515,072	\$ 28,223,502	\$ 32,417,864	\$ 36,323,657	\$ 36,525,939
Investment income	270,264	172,626	95,449	65,964	49,125	30,448	38,982	90,929	308,846	814,950
Operating Lease	-	-	-	-	146,045	107,458	-	-	-	-
Miscellaneous	266,984	302,935	642,595	323,727	254,878	263,479	241,465	284,604	305,097	203,560
<b>Total General Revenues</b>	<b>\$ 37,284,401</b>	<b>\$ 34,190,274</b>	<b>\$ 31,290,800</b>	<b>\$ 28,764,505</b>	<b>\$ 27,825,677</b>	<b>\$ 27,916,457</b>	<b>\$ 28,503,949</b>	<b>\$ 32,793,397</b>	<b>\$ 36,937,600</b>	<b>\$ 37,544,449</b>
<b>Change in Net Position</b>	<b>\$ 653,196</b>	<b>\$ (890,031)</b>	<b>\$ (1,079,212)</b>	<b>\$ (1,549,082)</b>	<b>\$ (2,466,798)</b>	<b>\$ (264,573)</b>	<b>\$ (216,983)</b>	<b>\$ 1,239,269</b>	<b>\$ 2,554,488</b>	<b>\$ 4,837,264</b>

**ORANGE COUNTY LIBRARY DISTRICT**

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>General Fund:</b>										
Nonspendable:										
Inventory	\$ 176,092	\$ 162,025	\$ 152,942	\$ 194,661	\$ 258,245	\$ 296,003	\$ 299,161	\$ 310,269	\$ 337,437	\$ 267,592
Prepaid Items	119,952	174,017	199,582	153,653	163,175	141,907	132,375	153,717	161,841	496,427
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 Melrose Family Foundation	-	-	-	-	411,029	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	724,689	724,689	724,689	724,689
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	44,198	44,198	44,198	44,198	44,198	-	-
Assigned To:										
Subsequent Year's Budget	1,000,877	2,080,087	1,644,978	2,860,984	4,125,670	4,330,982	-	-	-	-
Unassigned:	4,242,799	2,234,086	3,675,686	2,695,807	3,454,600	4,308,266	8,738,773	8,081,586	6,723,869	4,629,989
<b>Total General Fund</b>	<b>\$10,506,065</b>	<b>\$ 9,616,560</b>	<b>\$10,639,533</b>	<b>\$10,871,450</b>	<b>\$13,379,064</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>All Other Governmental Funds</b>										
Nonspendable:										
Melrose Donation	\$ 500,000	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for:										
Debt Service	-	-	-	-	-	-	-	9,602	411,141	521,320
Melrose Center	133,020	59,693	-	-	-	-	-	-	-	-
Assigned To:										
Capital Projects	4,334,823	3,303,238	2,387,733	5,922,381	6,479,030	6,466,464	6,460,757	6,452,086	6,428,745	6,119,527
<b>Total All Other Governmental Funds</b>	<b>\$ 4,967,843</b>	<b>\$ 3,862,931</b>	<b>\$ 2,387,733</b>	<b>\$ 5,922,381</b>	<b>\$ 6,479,030</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>

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Revenues</b>										
Property Taxes	\$36,747,153	\$33,714,713	\$30,552,756	\$28,374,814	\$27,375,629	\$27,515,072	\$28,223,502	\$32,417,864	\$36,323,657	\$36,525,939
Intergovernmental	1,052,618	1,224,878	1,560,875	1,120,090	993,051	1,149,985	1,133,872	1,039,037	1,117,010	1,155,691
Fines	786,065	886,427	1,048,826	1,119,034	1,150,472	1,357,960	1,537,099	1,604,515	1,753,926	1,745,004
Charges for Services	503,048	491,451	462,757	440,877	404,452	382,884	384,120	323,258	332,281	239,311
Investment Income	270,264	172,626	95,449	65,964	49,125	30,448	38,982	90,929	308,846	814,950
Miscellaneous	646,804	739,518	829,635	484,225	697,252	1,564,168	407,314	451,347	505,041	462,033
<b>Total Revenues</b>	<b>40,005,952</b>	<b>37,229,613</b>	<b>34,550,298</b>	<b>31,605,004</b>	<b>30,669,981</b>	<b>32,000,517</b>	<b>31,724,889</b>	<b>35,926,950</b>	<b>40,340,761</b>	<b>40,942,928</b>
<b>Expenditures</b>										
Salaries & Benefits	\$22,052,113	\$20,620,002	\$19,663,201	\$18,817,390	\$18,123,357	\$17,867,066	\$18,288,479	\$20,267,661	\$21,599,561	\$20,849,519
Operating	9,136,182	9,044,726	9,102,757	8,535,706	8,366,153	8,133,042	8,024,290	8,467,782	9,235,317	9,335,934
Books & Other Materials	4,573,355	4,736,787	4,863,762	4,472,687	4,533,827	4,653,884	4,458,761	4,790,414	5,043,870	4,980,166
Capital Outlay	2,249,885	2,375,873	1,467,012	2,247,100	1,298,517	433,969	329,553	1,010,928	2,024,377	570,038
Capital Projects Outlay	-	-	3,220,131	596,384	-	-	-	-	-	15,215
Debt Service	-	-	-	-	-	-	-	399,543	386,677	374,226
Principal Interest	-	-	-	-	-	-	-	2,197	22,781	35,233
<b>Total Expenditures</b>	<b>38,011,535</b>	<b>36,777,388</b>	<b>38,316,863</b>	<b>34,669,267</b>	<b>32,321,854</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>
Excess of revenues over(under)expenditures	1,994,417	452,225	(3,766,565)	(3,064,263)	(1,651,873)	912,556	623,806	988,425	2,028,178	4,782,597
<b>Net Change in Fund Balances</b>	<b>\$ 1,994,417</b>	<b>\$ 452,225</b>	<b>\$ (3,766,565)</b>	<b>\$ (3,064,263)</b>	<b>\$ (1,651,873)</b>	<b>\$ 912,556</b>	<b>\$ 623,806</b>	<b>\$ 988,425</b>	<b>\$ 2,028,178</b>	<b>\$ 4,782,597</b>
Government-wide Capital Outlay (1)	\$ 3,957,198	\$ 4,213,746	\$ 4,687,143	\$ 2,843,484	\$ 1,298,517	\$ 433,969	\$ 329,553	\$ 1,010,928	\$ 2,003,519	\$ 583,002
Non Capital Expenditures	\$34,054,337	\$32,563,642	\$33,629,720	\$31,825,783	\$31,023,337	\$30,653,992	\$30,771,530	\$33,927,597	\$36,309,064	\$35,577,329
Debt Service as percentage of noncapital expenditures	-	-	-	-	-	-	-	1.18%	1.13%	1.15%

(1) Effective October 1, 2015, the District began capitalizing library books and audiovisual materials.

**ORANGE COUNTY LIBRARY DISTRICT**

**TAXABLE ASSESSED VALUE AND ESTIMATED FAIR VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS**

Fiscal Year	Real Property		Personal Property		Centrally Assessed Property(1)		Totals		Ratio of Total Taxable Assessed Value to Total Est. Fair Value	Total Direct Tax Rate
	Taxable Assessed Value	Estimated Fair Value	Taxable Assessed Value	Estimated Fair Value	Taxable Assessed Value	Estimated Fair Value	Taxable Assessed Value	Estimated Fair Value		
2017	\$ 93,430,521,091	\$ 135,656,513,905	\$ 8,784,592,166	\$12,670,499,394	\$ 16,919,656	\$ 18,627,949	\$102,232,032,913	\$ 148,345,641,248	68.91%	0.3748
2016	84,780,485,956	124,700,853,055	8,939,890,427	12,886,669,851	23,317,377	24,749,513	93,743,693,760	137,612,272,419	68.12	0.3748
2015	75,841,561,597	105,529,994,182	8,279,549,811	12,250,845,165	21,765,161	23,119,905	84,142,876,569	117,803,959,252	71.43	0.3748
2014	70,747,635,067	95,744,666,369	7,941,397,415	11,917,111,545	21,561,331	22,959,315	78,710,593,813	107,684,737,229	73.09	0.3748
2013	68,084,636,506	92,132,990,490	7,711,741,964	11,624,305,924	19,920,941	21,182,712	75,816,299,411	103,778,479,126	73.06	0.3748
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

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

Information is reported based on the fiscal year in which associated tax revenue is recognized - e.g., the 2016 tax roll data is reported here for Fiscal Year 2017, as that is the period of collection and revenue recognition.

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**

<b>FISCAL YEAR ENDING SEPTEMBER 30 (1)</b>	<b>LIBRARY DISTRICT (2)</b>	<b>ORANGE COUNTY</b>	<b>SCHOOL BOARD</b>	<b>TOTAL DIRECT AND OVERLAPPING TAX RATES (3)</b>
2017	0.3748	4.4347	7.4700	12.2795
2016	0.3748	4.4347	7.8110	12.6205
2015	0.3748	4.4347	8.2180	13.0275
2014	0.3748	4.4347	8.4740	13.2835
2013	0.3748	4.4347	8.4780	13.2875
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

(1) Information is reported based on the fiscal year in which associated tax revenue is recognized- e.g., the 2016 tax roll data is reported here for Fiscal Year 2017, 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**

<u>TAXPAYER</u>	<u>TYPE OF BUSINESS</u>	<u>FISCAL YEAR 2017 (1)</u>		<u>FISCAL YEAR 2008 (1)</u>	
		<u>ASSESSED VALUE</u>	<u>PERCENTAGE OF TOTAL ASSESSED VALUE</u>	<u>ASSESSED VALUE</u>	<u>PERCENTAGE OF TOTAL ASSESSED VALUE</u>
Walt Disney Company	Tourism	\$ 8,600,000,000	8.41%	\$ 6,737,792,981	6.26%
Universal Studios	Tourism	2,000,000,000	1.96	1,458,276,158	1.35
Marriott Resorts/Ritz Carlton	Hotels	1,800,000,000	1.76	1,067,889,245	0.99
Hilton Resorts/Waldorf Astoria	Hotels	1,300,000,000	1.27	442,724,941	0.41
Orange Lake Country Club	Timeshare	855,100,000	0.84	615,184,717	0.57
Duke Energy/Progress Energy	Utilities	750,100,000	0.73	449,958,347	0.42
Hyatt Resorts	Hotels	669,600,000	0.65		
Wyndham Resorts	Hotels	621,000,000	0.61		
Westgate Resorts	Hotels	584,400,000	0.57	366,017,125	0.34
Vistana/SVO Vistana Village	Timeshare	565,100,000	0.55	647,264,986	0.60
Lockheed Martin	Defense			370,677,577	0.34
RH Resorts/Rosen Hotels	Hotel			557,133,020	0.52
Total Top Ten Principal Taxpayers		\$ 17,745,300,000	17.36%	\$ 12,712,919,097	11.81%
Taxable Assessed Value of all other taxpayers		\$ 84,486,732,913	82.64%	\$ 94,935,620,547	88.19%
Total Taxable Assessed Value of all taxpayers		\$ 102,232,032,913	100.00%	\$ 107,648,539,644	100.00%

(1) Information is reported based on the fiscal year in which associated tax revenue is recognized- e.g., the 2016 tax roll data is reported here for Fiscal Year 2017, 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.

Information for Principal Taxpayers for 2017 is not available so 2016 Principal Taxpayers is used as an estimate.

Source: Orange County Property Appraiser

**ORANGE COUNTY LIBRARY DISTRICT**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**

<b>FISCAL YEAR(1)</b>	<b>COLLECTED WITHIN THE LEVY YEAR</b>				<b>TOTAL COLLECTIONS TO DATE</b>		
	<b>LEVY</b>	<b>AMOUNT</b>	<b>PERCENTAGE OF THE LEVY</b>	<b>COLLECTIONS IN SUBSEQUENT YEARS</b>	<b>AMOUNT</b>	<b>PERCENTAGE OF THE LEVY</b>	
2017	\$ 38,393,129	\$ 36,745,386	95.71 %	\$ 58,384	\$ 36,803,770	95.86 %	
2016	35,390,723	33,745,862	95.35	68,995	33,814,857	95.55	
2015	31,619,914	30,384,231	96.09	70,441	30,454,672	96.31	
2014	29,514,918	28,304,731	95.90	92,638	28,397,369	96.21	
2013	28,433,670	27,277,420	95.93	140,894	27,418,314	96.43	
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	

(1) Information is reported based on the fiscal year in which associated tax revenue is recognized- e.g., the 2016 tax roll data is reported here for Fiscal Year 2017, as that is the period of collection and revenue recognition.



**ORANGE COUNTY LIBRARY DISTRICT**

**RATIOS OF OUTSTANDING DEBT  
LAST TEN FISCAL YEARS**

<b>FISCAL YEAR</b>	<b>BANK LINE OF CREDIT NOTE (1)</b>	<b>POPULATION</b>	<b>TOTAL DEBT PER CAPITA</b>	<b>TAXABLE ASSESSED VALUE</b>	<b>TOTAL DEBT AS A PERCENTAGE OF TAXABLE ASSESSED VALUE</b>
2009	\$ 399,543	1,064,151	\$ 0.38	\$ 96,178,105,307	0.0004%
2008	786,220	1,069,849	0.73	107,596,845,537	0.0007

(1) 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**

The District did not have any general obligation bonded debt in the last ten fiscal years.

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

**SEPTEMBER 30, 2017**

<u>JURISDICTION</u>	<u>GROSS DEBT OUTSTANDING</u>	<u>PERCENTAGE APPLICABLE TO ORANGE COUNTY LIBRARY DISTRICT(3)</u>	<u>AMOUNT APPLICABLE TO ORANGE COUNTY LIBRARY DISTRICT</u>	<u>DEBT PER CAPITA (4)</u>
Direct:				
Orange County Library District (1)				
Overlapping:				
Reedy Creek Improvement District (2)	\$594,465,000	94.0%	<u>\$558,797,100</u>	<u>\$440.98</u>
Total Direct and Overlapping Debt			<u><u>\$558,797,100</u></u>	<u><u>\$440.98</u></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 2011A, 2013A, 2013B, 2015A, 2016A, 2017BAN (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 2017 District population estimate of 1,267,162

## **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

(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**

<b>FISCAL YEAR</b>		<b>POPULATION(1)</b>		<b>PERSONAL INCOME</b>	<b>PER CAPITA PERSONAL INCOME</b>	<b>UNEMPLOYMENT RATE</b>
2017	(1)	1,267,162	(2)	54,565,646,000	\$ 43,061	3.1%
2016		1,233,481	(3)	54,565,646,000	44,237	4.4
2015		1,206,422		50,998,452,000	42,272	4.7
2014		1,182,511		47,623,300,000	40,273	5.6
2013		1,158,689		45,003,579,000	38,840	6.2
2012		1,132,302		44,498,053,000	39,299	8.4
2011		1,113,807		42,076,361,000	37,777	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

(1) Population for 2017 is an estimate by the Bureau of Economics and Business Research.

(2) Personal Income for 2017 not available so 2016 personal income used as an estimate. Includes all of Orange County.

(3) Information for Fiscal Year 2016 has been updated from that previously reported.

Source: Population from University of Florida, Bureau of Economics and Business Research  
 Personal Income from Bureau of Economic Analysis  
 Unemployment Rates from State of Florida's Labor Market Statistics and Bureau of Labor Statistics

# ORANGE COUNTY LIBRARY DISTRICT

## PRINCIPAL EMPLOYERS CURRENT YEAR AND NINE YEARS AGO

<u>EMPLOYER</u>	<u>2017</u>		<u>2008</u>	
	<u>EMPLOYEES</u>	<u>PERCENTAGE OF TOTAL EMPLOYMENT</u>	<u>EMPLOYEES</u>	<u>PERCENTAGE OF TOTAL EMPLOYMENT</u>
Walt Disney World Resort	70,000	9.74%	59,500	10.37%
Orange County Public Schools	23,929	3.33	26,000	4.53
Universal Orlando Resort	21,000	2.92	13,000	2.27
Florida Hospital Orlando	20,413	2.84	16,002	2.79
Orlando International Airport	18,000	2.50		
Orlando Health	16,828	2.34	10,000	1.74
University of Central Florida	11,833	1.65	9,537	1.66
Lockheed Martin	7,000	0.97	7,200	1.25
Orange County Government	6,874	0.96		
Darden Restaurants, Inc.	6,149	0.86	5,950	1.04
Westgate Resorts			6,155	1.07
Seminole County Public Schools			9,984	1.74
Total	<u>202,026</u>	28.10	<u>163,328</u>	28.46
Total Employment in Orange County	<u>718,936</u>		<u>573,838</u>	

Source: Top 10 Employers from Orlando Business Journal Book of Lists  
 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**

<b>FISCAL YEAR</b>	<b>FULL TIME EQUIVALENTS</b>
2017	328
2016	328
2015	321
2014	298
2013	288
2012	275
2011	276
2010	285
2009	339
2008	351

Source: Orange County Library District



## ORANGE COUNTY LIBRARY DISTRICT

### OPERATING INDICATORS LAST TEN FISCAL YEARS

FISCAL YEAR	CIRCULATION		WEBSITE / CATALOG VISITS	CLASS AND PROGRAM ATTENDANCE	COMPUTER SESSIONS
2017	11,993,719		4,229,496	560,713	974,512
2016	12,912,258	(2)	4,272,999	413,571	1,098,833
2015	12,787,970		5,029,455	369,805	1,154,547
2014	13,026,964	(1)	4,754,155	299,715	1,166,073
2013	14,485,390		5,275,322	355,987	1,137,049
2012	15,169,395		5,364,297	275,378	1,073,050
2011	14,809,471		5,226,285	281,186	1,047,862
2010	14,236,419		5,512,254	242,528	1,059,900
2009	13,262,020		4,741,170	240,255	1,077,669
2008	11,792,546		4,048,215	209,652	932,142

(1) New website statistics software created the decline from 2013 to 2014.

(2) A decrease in internal visits (traffic originating from within the Library's network) accounts for the decrease in total web visits between 2015 and 2016.

Source: Orange County Library District

**ORANGE COUNTY LIBRARY DISTRICT**

**SERVICE LOCATION INFORMATION  
LAST TEN FISCAL YEARS**

<b>Location</b>	<b>Status</b>	<b>Square Footage</b>									
		<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>Main</b>	Own	290,000	290,000	290,000	290,000	290,000	290,000	290,000	290,000	290,000	290,000
<b>Alafaya Branch</b>	Own	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
<b>Chickasaw Branch</b>	Own	15,660	15,660	15,660	-	-	-	-	-	-	-
<b>Eatonville Branch</b>	Lease	6,600	6,600	6,600	6,600	6,600	6,600	6,600	6,600	6,600	6,600
<b>Edgewater Branch</b>	Lease	12,740	12,740	12,740	12,740	12,740	12,740	12,740	12,740	12,740	12,740
<b>Herndon Branch</b>	Lease	13,160	13,160	13,160	13,160	13,160	13,160	13,160	13,160	13,160	13,160
<b>Hiawassee Branch</b>	Lease	13,455	13,455	13,455	13,455	13,455	13,455	13,455	13,455	12,797	12,797
<b>North Orange Branch</b>	Own	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
<b>South Creek Branch</b>	Own	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
<b>South Trail Branch</b>	Lease	12,750	12,750	12,750	12,750	12,750	12,750	12,750	12,750	12,750	12,750
<b>Southeast Branch</b>	Lease	13,310	13,310	13,310	13,310	13,310	13,310	13,310	13,310	13,310	13,310
<b>Southwest Branch</b>	Lease	15,553	15,553	15,553	15,553	15,553	15,553	15,553	15,553	15,553	15,553
<b>Washington Park Branch</b>	Lease	5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600
<b>West Oaks Branch</b>	Own	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
<b>Windermere Branch</b>	Lease	6,400	6,400	6,400	6,400	6,400	6,400	6,400	6,400	6,400	6,400
<b>Winter Garden Branch</b>	Own	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
<b>TOTAL</b>		<b>465,228</b>	<b>465,228</b>	<b>465,228</b>	<b>449,568</b>	<b>449,568</b>	<b>449,568</b>	<b>449,568</b>	<b>449,568</b>	<b>448,910</b>	<b>448,910</b>

## **COMPLIANCE SECTION**

**Report of Independent Auditor 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***

To the Members of the Orange County Library Board of Trustees  
Orange County Library District  
Orlando, Florida

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Orange County Library District (the "District"), a component unit of Orange County, Florida, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise District's basic financial statements, and have issued our report thereon dated December 27, 2017. 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, 2017.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of District's internal control. Accordingly, we do not express an opinion on the effectiveness of District's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether District's financial statements are free from 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 under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Cheryl Behr" followed by a stylized flourish.

Orlando, Florida  
December 27, 2017

**Report of Independent Auditor on Compliance For Each  
Major State Financial Assistance Project and on  
Internal Control over Compliance**

To the Members of the Orange County Library Board of Trustees  
Orange County Library District  
Orlando, Florida

**Report on Compliance for the Major State Financial Assistance Project**

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 District's major state financial assistance project for the year ended September 30, 2017. The District's major state financial assistance project is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and the terms and conditions applicable to its major state financial assistance project.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the major state financial assistance project based on our audit of the compliance requirements referred to above. 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 noncompliance 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 on compliance for the major state financial assistance project. However, our audit does not provide a legal determination on the District's compliance with those requirements.

***Opinion on the Major State Financial Assistance Project***

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, 2017.

## Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, 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 the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major state financial assistance project 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state financial assistance project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.



Orlando, Florida  
December 27, 2017

**ORANGE COUNTY LIBRARY DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

YEAR ENDED SEPTEMBER 30, 2017

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**Part I - Summary of Auditor's Results**

**Financial Statement Section**

Type of auditor's report issued: Unmodified

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 project:

Material weakness(es) identified?            yes   x   no

Significant deficiency(ies) identified?            yes   x   noner eported

Type of auditor's report on compliance for major state financial assistance project: Unmodified

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, 2017*

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**Part I - Summary of Auditor's Results (continued)**

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

Identification of major state project:

State Project:

<u>Name of Project</u>	<u>CSFA Number</u>
<u>State Aid to Libraries Grant</u>	<u>45.030</u>

Dollar threshold used to determine Type A projects:

State	<u>\$ 296,585</u>
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**ORANGE COUNTY LIBRARY DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

YEAR ENDED SEPTEMBER 30, 2017

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**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, 2017

<u>State Agency / State Project</u>	<u>CSFA 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	11-ST-47	\$ 970,528	\$ 970,528
 <b>DIVISION OF CULTURAL AFFAIRS</b>				
Direct Projects:				
Cultural Facilities Grant Program	45.014	N/A	24,120	18,090
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>			<u>\$ 994,648</u>	<u>\$ 988,618</u>

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

## **Independent Auditor's Management Letter**

To the Members of the Orange County Library Board of Trustees  
Orange County Library District  
Orlando, Florida

### **Report of the Financial Statements**

We have audited, in accordance with the 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, 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, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 27, 2017. 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, 2017.

### **Auditor's Responsibility**

We conducted our audit 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.

### **Other Reporting Requirements**

We have issued our Report of Independent Auditor 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*, Report of Independent Auditor on Compliance For Each Major State Financial Assistance Project and on Internal Control over Compliance, Report of Independent Accountant on Compliance With Local Government Investment Policies, and the Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated December 27, 2017, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

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 findings or recommendations were made in the preceding annual financial audit report.

### **Official Title and Legal Authority**

Section 10.554(1)(i)4., 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.

## **Financial Condition and Management**

Sections 10.554(1)(i)5.a and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify of the specific conditions met. In connection with our audit of the financial statements of the District, the results of our tests did not indicate the District met any of the specified conditions of a financial emergency contained in Section 215.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), 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.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

## **Annual Financial Report**

Sections 10.554(1)(i)5.b.and 10.556(7), 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, 2017, 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 fiscal year ended September 30, 2017. Our comparison of these two reports resulted in no material differences.

## **Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, 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 which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

## **Purpose of this Letter**

The purpose of this management letter is to communicate certain matters prescribed by Chapter 10.550, Rules of the Auditor General. Accordingly, this management letter is not suitable for any other purpose.



Orlando, Florida  
December 27, 2017

**Report of Independent Accountant on Compliance  
With Local Government Investment Policies**

To the Members of the Orange County Library Board of Trustees  
Orange County Library District  
Orlando, Florida

We have examined the Orange County Library District's (the "District's") compliance with the local government investment policy requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2017. Management of the District is responsible for the District's compliance with the specified requirements. Our responsibility is to express an opinion on the District's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the District's compliance with the specified requirements.

In our opinion, the District complied, in all material respects, with the local investment policy requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2017.

The purpose of this report is to comply with the audit requirements of Section 218.415, Florida Statutes, and Rules of the Auditor General.



Orlando, Florida  
December 27, 2017