

Popular Annual Financial Report

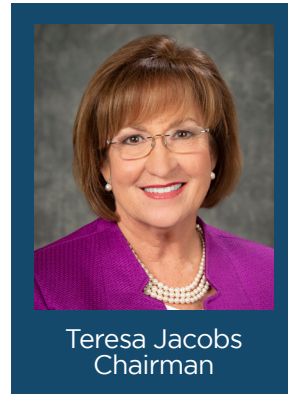
2021



**Orange County
Public Schools**

**For the Fiscal Year
Ended June 30, 2021
Orlando, Florida**

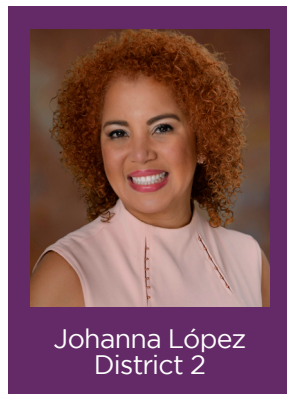
School Board of Orange County



Teresa Jacobs
Chairman



Angie Gallo
District 1



Johanna López
District 2

Vision

To ensure every student has a promising and successful future



Linda Kobert
District 3



Pam Gould
Vice Chair
District 4



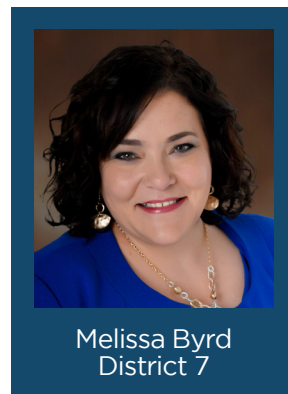
Vicki-Elaine Felder
District 5

Mission

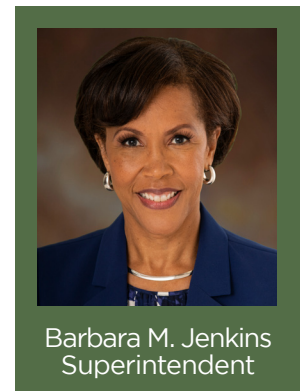
With the support of families and the community, we create enriching and diverse pathways to lead our students to success



Karen Castor Dentel
District 6



Melissa Byrd
District 7



Barbara M. Jenkins
Superintendent

Message from the Chief Financial Officer

Dear Citizens and Taxpayers of Orange County:

The Finance Department is pleased to present Orange County Public Schools' fiscal year 2021 Popular Annual Financial Report (PAFR) to the community. This report is intended to provide a summary on how the District's revenues were generated and spent as reported in the Orange County Public Schools' audited Comprehensive Annual Financial Report. The Comprehensive Annual Financial Report is a more detailed and complete financial presentation prepared in accordance with Generally Accepted Accounting Principles (GAAP) and is audited by the District's independent external auditors.

The PAFR, however, is unaudited and presented on a non-GAAP basis. It does not include full disclosures or segregated funds. This report provides a basic understanding of the District's achievements, financial health and operations. For more detailed information, the Comprehensive Financial Annual Financial Report is available on the District's website at:

<https://www.ocps.net/departments/finance>

As you review this Popular Annual Financial Report, please feel free to share any questions, concerns, or recommendations you may have by writing to us at:

Orange County Public Schools
445 West Amelia Street
Attn: 4th Floor, Finance Department
Orlando, FL 32801

Respectfully,



Doreen Concolino,
Interim Chief Financial Officer

Orange County Public Schools' Profile 1

At a Glance 1

Achievements 1

Budget 2

Where the Money Comes From 3

How the Money is Spent 4

Fund Balance 6

Long Term Financial Planning..... 6

Long Term Debt..... 6

Bond Rating..... 7

Capital Assets..... 7

Orange County Public Schools' Building Program 8

Orange County Public Schools' Profile

The school board consists of eight members, seven are elected from the single-member districts which they represent, and one is elected county-wide and serves as the chairman of the school board. Members are elected to serve four-year terms. Four are elected at the time of the presidential election, and four, including the chairperson, at the time of the gubernatorial election.

At a Glance

The District spans **903** square miles including Orlando and **12** surrounding municipalities;

9th largest school district in the U.S.; **4th** largest in Florida;

25,125 employees; **3rd** largest employer in Central Florida;

206,058 students from **197** countries who speak **172** different languages;

202 schools: **127** elementary, **38** middle, **9** K-8, **20** high, and **8** exceptional;

39 million meals served for the year, which is more than **209,000** meals per day;

690 buses transported **33,000** students per day averaging **13.5** millions miles per year;

56 new schools have opened since 2003, 130 schools have been renovated or replaced, and **14** new schools scheduled to be completed in the **next five years**.

For taxpayers, parents, and potential residents looking to relocate, the District's school reports cards for each school year are located at the following link: https://www.ocps.net/schools/report_cards

“Education is not preparation for life;
education is life itself.”

John Dewey

Achievements

- ▶ For **20** years in a row, the District has received the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association and the Certificate of Excellence in Financial Reporting by the Association of School Business Officials
- ▶ **97.9%** graduation rate at our traditional high schools; overall graduation rate of **90.4%** which includes charters and alternative schools; the District still exceeded the state average for graduating seniors of **90.0%**
- ▶ **127** graduating seniors – or “Super Scholars“, accepted into the nation’s top colleges, universities and U.S. service academies, as ranked by *U.S. News & World Report*
- ▶ **256** graduating seniors earned their associate degree from Valencia College, along with their diploma, nearly a 25% increase from the previous year
- ▶ **1,696** high school seniors and adults graduated from Orange Technical College
- ▶ **7,797** industry certificates were awarded at Orange Technical College
- ▶ **188,667** digital devices were distributed, a 32.1% increase from the previous year, to ensure equal access to personalized learning and digital content

Budget

Under state law, Orange County Public Schools is required to prepare an annual budget. The budget is prepared by each governmental fund type prescribed by law and State Board of Education rules. The initial board approved budget is referred to as the original budget. Original budgets are submitted to the Florida Department of Education for approval. The budget is prepared by fund, function, object and department. Management may make budget transfers between departments, function and objects. At fiscal year end, the final amended budget contains all of the adjustments for legally authorized revisions of the original budget throughout the year.

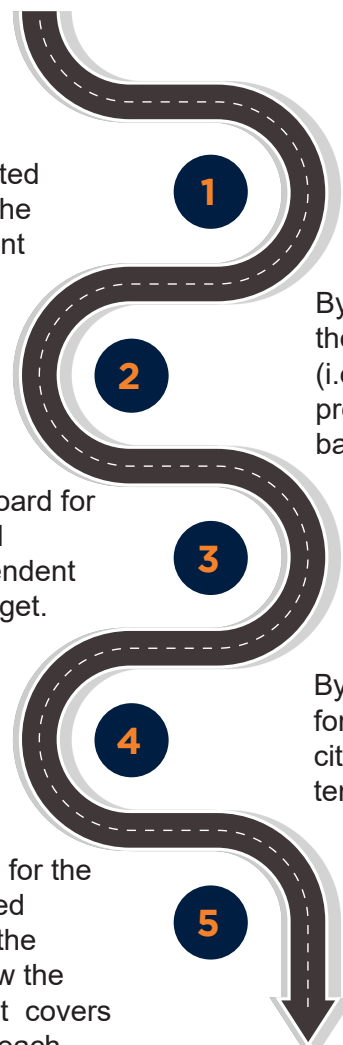
In fiscal year 2021, the General Fund budgeted appropriations were **\$1,909,684,192** and the Capital Projects Fund budgeted appropriations were **\$1,229,508,991**.

This **Budget Roadmap** is designed to help others understand the District’s budget process. The scope of the budget includes all of the District’s estimated revenues and expenditures for fiscal year 2021.

By January, the OCPS Student Enrollment Department releases the projected enrollment for the following school year to the Budget Department. The Budget Department begins to develop school budget models.

May through June, the District conducts budget work sessions with the Board for Operating and Capital Budgets. The Board communicates its priorities to the Superintendent and approves the advertisement of the budget.

By Mid-September, a public hearing is held for the adoption of the original budget. The adopted budget establishes the starting budget for the fiscal year and becomes a blueprint for how the District spends money. The adopted budget covers one fiscal year which begins on July 1st of each year and ends June 30th of the following year.



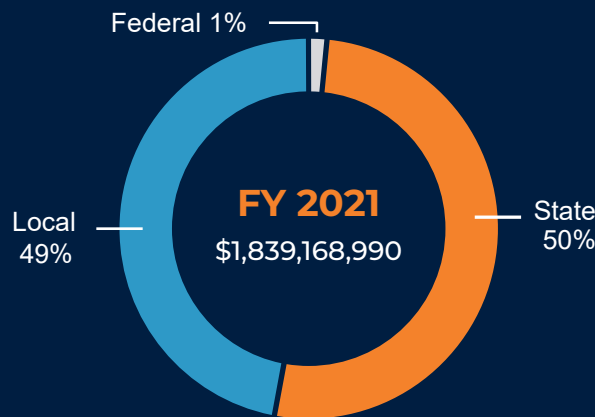
By the end of January, the District receives the Governor’s budget recommendations (i.e. revenue estimates) where the District projects the departmental and school-based budgets accordingly.

By the end of July, a public hearing is held for the tentative budget. This gives the citizens an opportunity to comment on the tentative budget.

Where the Money Comes From

The **General Fund** is the primary operating fund of the District. There are three types of revenue sources that sustain our school district: state, local, and federal funds. While the District utilizes all funds that are presented on the financial statements, most of the daily operations are in the General Fund. The following are the fiscal year 2021 General Fund Revenue figures:

| General Fund Revenue Sources | FY 2021 | Percentage |
|------------------------------|-------------------------|-------------|
| State | \$ 918,028,338 | 50% |
| Local | 909,405,937 | 49% |
| Federal | 11,734,715 | 1% |
| Total | \$ 1,839,168,990 | 100% |



General Fund Revenue Sources

State Sources. Make up **50%** of General Fund revenues, which are primarily comprised of Florida Education Finance Program (FEFP), Workforce Development, Categorical Programs and Other Miscellaneous State Sources.

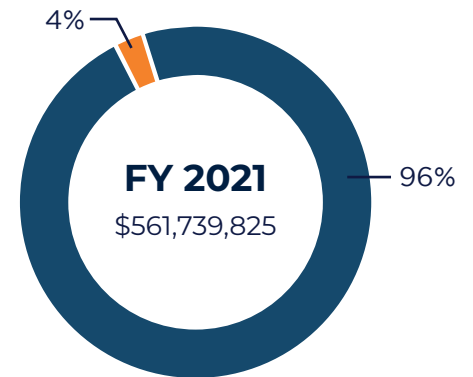
Local Sources. Make up **49%** of the General Fund revenues, which are primarily comprised of Ad Valorem Taxes, Interest Income, Post-secondary Vocational Course fees, and Other Miscellaneous Local Sources.

Federal Sources. Make up **1%** of General Fund revenues, which are primarily comprised of Reserve Officer Training Corps, Medicaid, and Other Miscellaneous Federal Sources.

Total Revenues – General Fund. Overall, the total amount of revenue from the three sources: state, local, and federal, totaled **\$1,839,168,990** for the fiscal year 2021.

Although not all Capital Projects Funds are considered major funds, it is a major source of funding for the District. It is comprised of two revenue sources: local and state. The following are the FY2021 Capital Projects Fund figures:

| Capital Projects Fund Revenue Sources | FY 2021 | Percentage |
|---------------------------------------|-----------------------|-------------|
| Local | \$ 538,722,961 | 96% |
| State | 23,016,864 | 4% |
| Total | \$ 561,739,825 | 100% |



Capital Projects Fund Revenue Sources

Local Sources. Make up **96%** of the Capital Projects Fund revenues, which are primarily comprised of Local Capital Improvement Tax, Sales Tax Collections, Investment Income and Impact Fees.

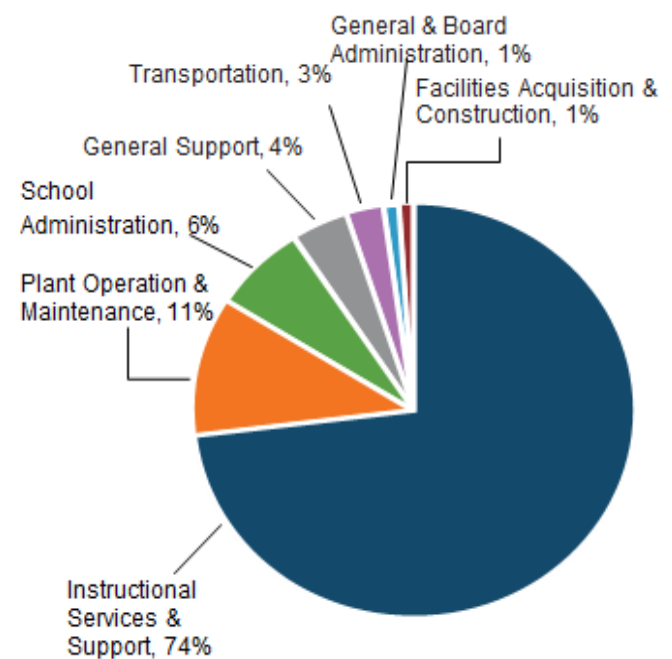
State Sources. Make up **4%** of the Capital Projects Fund revenues which are primarily comprised of Capital Outlay & Debt Service Distributed and Public Education Capital Outlay (PECO).

Total Revenues – Capital Projects Fund. Overall, the total amount of revenue from the two sources: local and state totaled **\$561,739,825** for the fiscal year 2021.

How the Money is Spent

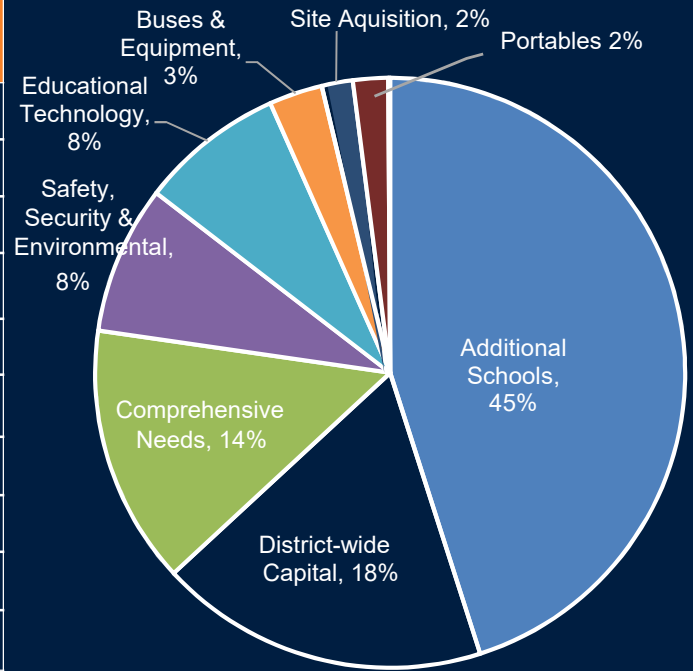
For the fiscal year ended 2021, the expenditures for the General Fund totaled **\$1,758,711,847**. It is important to identify expenditures at the function level allowing for comparison across governments.

| General Fund Expenditures by Function | FY2021 | Percentage |
|---------------------------------------|-------------------------|-------------|
| Instructional Services & Support | \$ 1,302,182,061 | 74% |
| Plant Operation & Maintenance | 187,904,151 | 11% |
| School Administration | 115,418,915 | 6% |
| General Support | 68,041,831 | 4% |
| Transportation | 58,934,654 | 3% |
| General & School Board Administration | 12,499,244 | 1% |
| Facilities Acquisition & Construction | 10,689,767 | 1% |
| Other Capital Outlay | 2,517,084 | 0% |
| Community | 524,140 | 0% |
| Total | \$ 1,758,711,847 | 100% |



Capital Fund. For the fiscal year ended 2021, the expenditures for the Capital Fund Projects totaled **\$368,537,204**. The major uses of Capital Funds for fiscal year 2021 were for additional schools, district-wide capital, and comprehensive needs. The remaining expenditures were for safety, security & environmental, educational technology, buses & equipment, site acquisition, portables, and ancillary facilities.

| Capital Projects Fund Expenditures | FY 2021 | Percentage |
|------------------------------------|-----------------------|-------------|
| Additional Schools | \$ 168,095,331 | 45% |
| District-wide Capital | 65,857,393 | 18% |
| Comprehensive Needs | 51,729,138 | 14% |
| Safety, Security & Environmental | 29,693,043 | 8% |
| Educational Technology | 28,899,237 | 8% |
| Buses & Equipment | 10,651,060 | 3% |
| Site Acquisition | 6,999,730 | 2% |
| Portables | 6,248,799 | 2% |
| Ancillary Facilities | 363,473 | 0% |
| Total | \$ 368,537,204 | 100% |



Fund Balance

Fund Balance is the net worth of a fund measured by assets minus liabilities. At the end of each fiscal year, the difference between revenues minus expenditures affects the fund balance. The fund balance of the District's General Fund increased by **\$120,229,160** during the fiscal year 2021. The key factor in this increase was due to the receipt of federal education stabilization funds as a result of the COVID-19 pandemic.

General Fund Balance(s)

| General Fund | FY 2021 | FY 2020 | FY 2019 | FY 2018 | FY 2017 |
|---------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Non-spendable | \$ 2,171,437 | \$ 1,720,885 | \$ 3,859,763 | \$ 4,014,438 | \$ 3,515,731 |
| Restricted | 21,974,575 | 19,946,030 | 21,953,756 | 21,576,887 | 26,894,480 |
| Assigned | 279,867,560 | 202,422,912 | 263,948,336 | 293,892,876 | 283,453,225 |
| Unassigned | 146,746,528 | 106,441,113 | 95,807,803 | 72,008,745 | 93,045,552 |
| Total | \$ 450,760,100 | \$ 330,530,940 | \$ 385,569,658 | \$ 391,492,946 | \$ 406,908,988 |

Long-term Financial Planning

In August 2018, the voters of Orange County approved the renewal of the current one mill ad valorem millage for essential operating expenses in order to preserve academic programs, retain highly qualified teachers, and protect arts, athletics and student activities beginning July 1, 2019, and ending four (4) fiscal years later on June 30, 2023.

Long-term Debt

The District's debt consists of lease-purchase agreements payable and state school bonds payable which are secured by either specific revenue sources or the underlying assets. The District's long-term debt has continually decreased over the last five years. The decrease is achieved with effective debt management resulting in savings through refunding of existing debt and using existing revenues to fund construction demands.

Summary of Outstanding Debt

| Summary of Outstanding Debt | FY 2021 | FY 2020 | FY 2019 | FY 2018 | FY 2017 |
|-----------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Lease Purchase Agreements Payable | \$ 1,078,656,204 | \$ 1,101,976,781 | \$ 1,154,813,988 | \$ 1,207,189,119 | \$ 1,237,972,777 |
| State School Bonds Payable | 243,000 | 572,000 | 1,193,000 | 2,030,000 | 4,792,000 |
| Total | \$ 1,078,899,204 | \$ 1,102,548,781 | \$ 1,156,006,988 | \$ 1,209,219,119 | \$ 1,242,764,777 |

Bond Rating

Good bond ratings save the District money. Bond ratings indicate the general quality of a bond, including the likelihood that investors will receive their money back when they lend it out. Bonds with higher ratings are seen as safer investments, so investors do not demand as much interest to lend money to highly-rated school districts, such as OCPS. Higher bond ratings mean lower interest rates, which save taxpayer dollars. The District’s Moody’s rating for its certificates of participation remained the same “Aa2” rating. The Fitch rating remained the same “AA” rating. The S&P rating remained the same “AA” rating for its certificates of participation.

| | Moody's | Fitch | S&P |
|------------------------|-------------|-------------|-------------|
| <i>Highest Quality</i> | <i>Aaa</i> | <i>AAA</i> | <i>AAA</i> |
| <i>High Quality</i> | <i>Aa1</i> | <i>AA+</i> | <i>AA+</i> |
| | <i>Aa2</i> | <i>AA</i> | <i>AA</i> |
| | <i>Aa3</i> | <i>AA-</i> | <i>AA-</i> |
| <i>Upper Medium</i> | <i>A1</i> | <i>A+</i> | <i>A+</i> |
| | <i>A2</i> | <i>A</i> | <i>A</i> |
| | <i>A3</i> | <i>A-</i> | <i>A-</i> |
| <i>Medium Grade</i> | <i>Baa1</i> | <i>BBB+</i> | <i>BBB+</i> |
| | <i>Baa2</i> | <i>BBB</i> | <i>BBB</i> |
| | <i>Baa3</i> | <i>BBB-</i> | <i>BBB-</i> |

Capital Assets

Capital Assets are acquired to help provide essential services (directly or indirectly) to the District schools. The District must ensure that capital assets are protected from loss, that their value is maintained and that they are used effectively. This investment in capital assets includes land, construction in progress, improvements other than buildings, buildings & fixed equipment, furniture, fixtures & equipment, motor vehicles and computer software. The District’s investment in capital assets as of June 30, 2021 totaled **\$4,728,784,738** (net of accumulated depreciation). The increase in the District’s investment in capital assets (net of accumulated depreciation) for fiscal year 2021 was **\$147,937,139** (3.2 percent).



Orange County Public Schools' Building Program

The District's largest asset consists of buildings and fixed equipment. The District also has one of the largest and most successful building programs in the United States with a fiscal year 2021 annual budgeted appropriations of **\$1,229,508,991**. Each year, the capital budget is evaluated and renewed for new schools based upon projected student enrollment. During fiscal year 2021, the capital renewal program started construction on 19 projects with a value of \$9 million. The District constructed four new elementary schools and two new high schools. In addition, three schools were renovated; four schools, one learning center and one high school gymnasium were replaced. There are currently 37 active projects in progress for improvements at 63 sites, with an estimated cost of \$196 million. The District's successful building program is made possible by the support of the community and the half-penny sales tax.



“Act as if what you do makes a difference. It does.”

William James

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**Orange County
Public Schools**

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