

**FINANCIAL STATEMENTS – SALES
TAX AND CAPITAL RENEWAL
CAPITAL PROJECTS FUNDS**

ORANGE COUNTY PUBLIC SCHOOLS

Year Ended June 30, 2020

With Report of Independent Auditor

ORANGE COUNTY PUBLIC SCHOOLS

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Report of Independent Auditor

To the Honorable Members of the School Board
To the Members of the Citizens' Construction Oversight and
Value Engineering Committee (COVE)
Orange County Public Schools

Report on the Financial Statements

We have audited the accompanying financial statements of the Sales Tax I, Sales Tax II and Capital Renewal Capital Projects Funds of Orange County Public Schools (the "District") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit 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 Sales Tax I, Sales Tax II and Capital Renewal Capital Projects Funds of the District as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above present only the Sales Tax I, Sales Tax II and the Capital Renewal Capital Projects Funds of the District at June 30, 2020 and do not purport to, and do not, present fairly the financial position of Orange County Public Schools, as of June 30, 2020, and the changes in its financial position and its cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

As discussed in Note 1, the Sales Tax I, Sales Tax II and the Capital Renewal Capital Projects Funds are administered by Orange County Public Schools, for which, in accordance with *Government Auditing Standards*, a report is issued which includes our consideration of the Sales Tax I, Sales Tax II and the Capital Renewal Capital Projects Funds internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Orlando, Florida
December 4, 2020

ORANGE COUNTY PUBLIC SCHOOLS**BALANCE SHEETS – SALES TAX AND CAPITAL RENEWAL CAPITAL PROJECTS FUNDS***June 30, 2020*

	Sales Tax	Sales Tax	Capital	
	Fund I	Fund II	Renewal	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Assets				
Cash	\$ 3,769,374	\$ 75,085,426	\$ 24,057,714	\$ 102,912,514
Investments	25,896,347	275,911,878	590,135,922	891,944,147
Interest receivable	–	–	645,750	645,750
Due from other agencies	–	14,865,307	–	14,865,307
Total assets	<u>\$ 29,665,721</u>	<u>\$ 365,862,611</u>	<u>\$ 614,839,386</u>	<u>\$ 1,010,367,718</u>
Liabilities and fund balance				
Liabilities:				
Accounts payable	\$ 1,995,255	\$ 6,771,621	\$ 975,200	\$ 9,742,076
Construction contracts payable	300	11,851,804	12,626,953	24,479,057
Construction contracts payable – Retained Percentage	–	6,947,686	3,240,948	10,188,634
Total liabilities	<u>1,995,555</u>	<u>25,571,111</u>	<u>16,843,101</u>	<u>44,409,767</u>
Fund balance:				
Restricted	<u>27,670,166</u>	<u>340,291,500</u>	<u>597,996,285</u>	<u>965,957,951</u>
Total fund balance	<u>27,670,166</u>	<u>340,291,500</u>	<u>597,996,285</u>	<u>965,957,951</u>
Total liabilities and fund balance	<u>\$ 29,665,721</u>	<u>\$ 365,862,611</u>	<u>\$ 614,839,386</u>	<u>\$ 1,010,367,718</u>

The accompanying notes are an integral part of the financial statements.

ORANGE COUNTY PUBLIC SCHOOLS
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – SALES TAX AND CAPITAL RENEWAL CAPITAL PROJECTS FUNDS

Year Ended June 30, 2020

	Sales Tax	Sales Tax	Capital	
	Fund I	Fund II	Renewal	Total
	Fund I	Fund II	Fund	Total
Revenues				
Local sales taxes	\$ –	\$ 253,965,180	\$ –	\$ 253,965,180
Investment income	618,374	9,410,831	21,394,870	31,424,075
Other miscellaneous	1,021	170,491	33,049	204,561
Total revenues	<u>619,395</u>	<u>263,546,502</u>	<u>21,427,919</u>	<u>\$ 285,593,816</u>
Expenditures				
Facilities acquisition and construction	<u>1,993,540</u>	<u>182,554,921</u>	<u>73,458,189</u>	<u>258,006,650</u>
Excess (deficiency) of revenues over expenditures	<u>(1,374,145)</u>	<u>80,991,581</u>	<u>(52,030,270)</u>	<u>27,587,166</u>
Other financing (uses) sources				
Transfers (out) in	<u>–</u>	<u>(37,533,500)</u>	<u>37,533,500</u>	<u>–</u>
Total other financing (uses) sources	<u>–</u>	<u>(37,533,500)</u>	<u>37,533,500</u>	<u>–</u>
Net change in fund balance	(1,374,145)	43,458,081	(14,496,770)	27,587,166
Fund balance, beginning (restricted)	<u>29,044,311</u>	<u>296,833,419</u>	<u>612,493,055</u>	<u>938,370,785</u>
Fund balance, ending (restricted)	<u>\$ 27,670,166</u>	<u>\$ 340,291,500</u>	<u>\$ 597,996,285</u>	<u>\$ 965,957,951</u>

The accompanying notes are an integral part of the financial statements.

ORANGE COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS – SALES TAX AND CAPITAL RENEWAL
CAPITAL PROJECTS FUNDS

June 30, 2020

1. Summary of Significant Accounting Policies

Reporting Entity

Orange County Public Schools (District) has direct responsibility for operation, control, and supervision of District schools and is considered a primary government for financial reporting. The District is considered part of the Florida system of public education.

The governing body of the District is the Orange County District School Board (Board) that is composed of eight elected members, one of which is the Board Chairman. The appointed Superintendent of Schools (Superintendent) is the executive officer of the Board. Geographic boundaries of the District correspond with those of Orange County, Florida.

Pursuant to Section 1001.51(11)(f), *Florida Statutes*, the Superintendent is responsible for keeping records and accounts of all financial transactions in the manner prescribed by the Florida State Board of Education.

The accompanying financial statements present only the activities of the Sales Tax Capital Projects Funds (Sales Tax Funds) and Capital Renewal Capital Projects Fund (Capital Renewal Fund) of the District (collectively referred to as the Funds) and were prepared for the purpose of demonstrating compliance with School Board Resolution No. 05/02/02 NC-1 and School Board Resolution No. 2014-06-10. These financial statements are not intended to present the basic financial statements of the District.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Funds are governmental funds utilizing the current financial resource measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become susceptible to accrual, that is, both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Significant revenues “susceptible to accrual” include sales taxes and interest on investments. The District considers revenues from sales taxes as available if they are collected within forty-five (45) days after year-end and taking into account a consistent 12 month cycle. Expenditures are recorded when the fund liabilities are incurred.

The District has designated the Sales Tax Fund I and Sales Tax Fund II to account for the financial resources generated by sales tax and other local sources to be used for educational capital outlay needs, including new construction, renovation and remodeling projects.

ORANGE COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS – SALES TAX AND CAPITAL RENEWAL
CAPITAL PROJECTS FUNDS

June 30, 2020

1. Summary of Significant Accounting Policies (continued)

The major revenue source of the Sales Tax Fund I was the half-penny sales tax approved by the voters in Orange County, Florida in 2002, with an effective date beginning January 1, 2003 and ending December 31, 2015. This revenue was collected by local businesses, sent to the Florida Department of Revenue, and then remitted to the District. The reported expenditures of the Sales Tax Fund I for the year ended June 30, 2020, include program management and insurance costs of \$325,237 and \$746, respectively. These costs are allocated to programs based on the amount of time worked by the program management company. These program costs are then allocated to the projects based on project budgets.

The major source of revenue of the Sales Tax II Fund is a renewal of the half-penny sales tax approved by the voters in August 2014, with an effective date beginning January 1, 2016 and ending December 31, 2025. This revenue is collected by local businesses, sent to the Florida Department of Revenue, and then remitted to the District. The reported expenditures of Sales Tax Fund II for the year ended June 30, 2020, include program management and insurance costs of \$4,277,640 and \$77,489, respectively. These costs are allocated to programs based on the amount of time worked by the program management company. These program costs are then allocated to the projects based on project budgets.

The Capital Renewal Fund is to be used for the replacement of major school building systems and components that are needed to preserve the efficient operation of school facilities. The funds are not intended for the initial renovation of the remaining schools on the original list of 136 schools to be funded from sales taxes. The funds are not intended for routine maintenance of school facilities or to pay for project elements which cost less than \$50,000. The Capital Renewal Fund is funded primarily by transfers from the Sales Tax Funds. The reported expenditures of the Capital Renewal Fund for the year ended June 30, 2020, include program management and insurance costs of \$3,718,928 and \$37,686, respectively. These costs are allocated to programs based on the amount of time worked by the program management company. These program costs are then allocated to the projects based on project budgets.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States (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 expenditures during the reporting period. Actual results could differ from those estimates.

ORANGE COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS – SALES TAX AND CAPITAL RENEWAL
CAPITAL PROJECTS FUNDS

June 30, 2020

2. Cash and Investments

Cash deposits and certificates of deposit are held in banks that qualify as public depositories under Florida law. All deposits are insured by Federal depository insurance and/or collateralized with securities held in Florida's multiple financial institution collateral pool required by Sections 280.07 and 280.08, Florida Statutes.

Investments consist of the State of Florida's Special Purpose Investment Account (SPIA) authorized in Section 17.61(1), Florida Statutes, Florida Prime, Florida Public Assets for Liquidity Management (FL PALM), formerly known as the Florida Education Investment Trust Fund, Florida Safe (a local government investment pool), corporate and municipal bonds, United States government securities and certificates of deposit. All investments are reported at fair value, amortized cost, which approximates fair value, or the net asset value per share (NAV). The District's investment in SPIA is part of an investment pool managed by the Florida Department of Treasury, whereby the District owns a share of the pool, not the underlying shares of the assets in the pool. The District relies on policies developed by the State Treasury for managing interest and credit risk for this external investment pool. FL PALM offers two investment options; a fully liquid, variable rate investment (Portfolio) and shares of fixed rate, fixed term investments (Term). The Funds have both types of FL PALM investments.

At June 30, 2020, the Funds had the following investments:

Sales Tax Fund I

	<u>Value</u>
Investments measured at NAV:	
FL Special Purpose Investment Account (SPIA)	\$ 10,463,811
Florida Public Assets for Liquidity Management (Term)	666,379
Total investments measured at NAV	<u>11,130,190</u>
Investments measured at amortized cost:	
Florida Prime	9,168,135
Florida Public Assets for Liquidity Management (Portfolio)	4,644,646
Florida Safe	953,376
Total investments measured at amortized cost	<u>14,766,157</u>
Total Investments	<u>\$ 25,896,347</u>

ORANGE COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS – SALES TAX AND CAPITAL RENEWAL
CAPITAL PROJECTS FUNDS

June 30, 2020

2. Investments (continued)

Sales Tax Fund II

	<u>Value</u>
Investments measured at NAV:	
FL Special Purpose Investment Account (SPIA)	\$ 111,486,373
Florida Public Assets for Liquidity Management (Term)	7,099,916
Total investments measured at NAV	<u>118,586,289</u>
Investments measured at amortized cost:	
Florida Prime	97,681,624
Florida Public Assets for Liquidity Management (Portfolio)	49,486,246
Florida Safe	10,157,719
Total investments measured at amortized cost	<u>157,325,589</u>
Total Investments	<u>\$ 275,911,878</u>

Capital Renewal Fund

	Fair Value Measurements at Reporting Date			
	<u>Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments measured at fair value				
U.S. Government Agencies	\$ 297,235,079	\$ -	\$ 297,235,079	\$ -
Corporate bonds	32,771,643	-	32,771,643	-
Municipal bonds	29,649,144	-	29,649,144	-
Total investments measured at fair value level	<u>359,655,866</u>	<u>\$ -</u>	<u>\$ 359,655,866</u>	<u>\$ -</u>
Investments measured at NAV:				
FL Special Purpose Investment Account (SPIA)	89,088,305			
Florida Public Assets for Liquidity Management (Term)	5,673,515			
Total investments measured at NAV	<u>94,761,820</u>			
Investments measured at amortized cost:				
Florida Prime	78,056,988			
Florida Public Assets for Liquidity Management (Portfolio)	39,544,256			
Florida Safe	8,116,992			
Certificate of Deposit	10,000,000			
Total investments measured at amortized cost	<u>135,718,236</u>			
Total Investments	<u>\$ 590,135,922</u>			

ORANGE COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS – SALES TAX AND CAPITAL RENEWAL
CAPITAL PROJECTS FUNDS

June 30, 2020

2. Investments (continued)

The Funds categorize their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

Certain investments are measured using the NAV per share (or its equivalent) practical expedient or amortized cost, which approximates fair value, and have not been classified in the fair value hierarchy. Florida Prime, Florida Safe, FL PALM (portfolio) and Certificates of deposit are reported at amortized cost and the Florida Special Purpose Investment Account and FL PALM (term) are reported at NAV per share. The District invests in these types of investments to obtain competitive market returns while ensuring the safety and liquidity of the portfolio. These types of investments may be redeemed without advance notice and there are no unfunded commitments for further investment. 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. Detailed information on the withdrawal restrictions that may be imposed, and Florida PRIME's responsibilities should such an event occur, is described in Section 218.409(8)(a), Florida Statutes.

Investment Income

The following schedule summarizes the funds' investment income as presented on the statements of revenues, expenditures and changes in fund balance:

	<u>Sales Tax Fund I</u>	
Interest Income	\$	494,549
Net increase in fair value		123,825
Net investment income	\$	<u>618,374</u>

	<u>Sales Tax Fund II</u>	
Interest Income	\$	6,637,960
Net increase in fair value		2,772,871
Net investment income	\$	<u>9,410,831</u>

	<u>Capital Renewal Fund</u>	
Interest Income	\$	8,939,845
Net increase in fair value		12,455,025
Net investment income	\$	<u>21,394,870</u>

ORANGE COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS – SALES TAX AND CAPITAL RENEWAL
CAPITAL PROJECTS FUNDS

June 30, 2020

2. Investments (continued)

Interest Rate Risk

District policies limit the maturity of investments to 5 year weighted average life as a means of limiting its exposure to fair value losses arising from rising interest rates. Also, at least 3 months of average disbursements should be invested in highly liquid funds with a maturity up to 90 days.

The Capital Renewal Fund has \$326,884,223 in obligations of the United States Government Sponsored Agencies/Federal Instrumentalities and Municipal Bonds, and \$32,771,643 in Corporate Bonds. These securities include embedded options to call the entire security or a portion thereof, at the option of the issuer; or, depending on market conditions, the issuer may decide to leave the security intact, at stated interest rate, until final maturity. These securities have various call dates with final maturity dates between July 2020 and May 2028.

At June 30, 2020, the District's investments had weighted average maturities of 157 days in the SPIA, 76 days in the Florida Prime, 53 days in the Florida Public Assets for Liquidity Management, 41 days in the Florida Safe and 2.76 years in corporate bonds, municipal bonds and government obligations. Certificates of deposit mature within 6 months of the District's fiscal year-end.

Credit Risk

Investments authorized by District policy are:

- a. Direct Obligations of the US Treasury;
- b. US Government Sponsored Agencies or Federal Instrumentalities;
- c. Investment in Florida Prime Fund;
- d. Investment in the Florida Special Purpose Investment Account;
- e. Investment in the Florida Public Assets for Liquidity Management;
- f. Certificates of Deposit and Savings Accounts;
- g. Repurchase Agreements;
- h. State and/or Local Government Taxable or Tax-Exempt Debt;
- i. Corporate Bonds;
- j. Commercial Paper; and,
- k. Money Market Mutual Funds and other Local Government Investment Pools.

ORANGE COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS – SALES TAX AND CAPITAL RENEWAL
CAPITAL PROJECTS FUNDS

June 30, 2020

2. Investments (continued)

Custodial Credit Risk

Section 218.415(18), Florida Statutes, requires the District to earmark all investments and 1) if registered with the issuer or its agents, the investment must be immediately placed for safekeeping in a location that protects the governing body’s interest in the security; 2) if in a book entry form, the investment must be held for the credit of the governing body by a depository chartered by the Federal Government, the State, or any other State or territory of the United States which has a branch or principal place of business in this State, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in this State, and must be kept by the depository in an account separate and apart from the assets of the financial institution; or 3) if physically issued to the holder but not registered with the issuer or its agents, must be immediately placed for safekeeping in a secured vault. The Capital Renewal Fund’s \$326,884,223 investments in obligations of United States Government Agencies and Federal Instrumentalities and Municipal Bonds, and \$32,771,643 in Corporate Bonds are held by the safekeeping agent, in the name of the District.

Concentration of Credit Risk

Composition of investment portfolio is limited by District policy to the following on a district-wide basis:

Direct obligations of the U. S Treasury	100%
U. S. Government Sponsored Agencies (Federal Instrumentalities)	80%
Florida Prime Fund	100%
Florida Special Purpose Investment Account	100%
Florida Public Assets for Liquidity Management	100%
Certificates of Deposit and Savings Accounts	100%
Repurchase Agreements, fully collateralized by Direct Obligations of U.S. Government Securities	30%
State and/or Local Government Taxable or Tax-Exempt Debt	20%
Corporate Bonds	20%
Commercial Paper	30%
Money Market Funds and other Local Government Investment Pools	100%

As of June 30, 2020, the Funds’ investments in the SPIA totaled \$211,038,489, which is rated AA-f by S&P. These funds allocate investment earnings monthly.

As of June 30, 2020, the Funds’ investments in the Florida Prime accounts totaled \$184,906,747, which is AAAM rated by S&P. These funds allocate investment earnings monthly.

As of June 30, 2020, the Funds’ investments in the Florida Public Assets for Liquidity Management totaled \$107,114,958, which is rated AAAM by S&P.

As of June 30, 2020, the Funds’ investments in the Florida Safe totaled \$19,228,087, which is rated AAAM by S&P.

ORANGE COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS – SALES TAX AND CAPITAL RENEWAL
CAPITAL PROJECTS FUNDS

June 30, 2020

2. Investments (continued)

As of June 30, 2020, the Capital Renewal Fund's investments in corporate bonds were \$32,771,643, all of which are rated A or higher.

As of June 30, 2020, the Capital Renewal Fund's investments in government obligations and municipal bonds were \$326,884,223, all of which are rated A or higher.

Certificates of deposit are not rated.

All Funds' investments are in compliance with District policy in relation to interest rate risk, credit risk, and concentration of credit risk.

3. Due From Other Agencies

Due from other agencies of \$14,865,307 is the amount due from the Florida Department of Revenue for sales tax collections. These amounts were collected by businesses through June 30, 2020, and remitted to the District within 45 days of year end.

4. Interfund Transfers

During fiscal year ended June 30, 2020, funds in the amount of \$37,533,500 were transferred from the Sales Tax Fund II to the Capital Renewal Fund. The amount transferred this year was 2.4% of cumulative expenditures in all capital funds beginning January 1, 2016, calculated with an initial base amount. Such capital expenditures exclude library books, furniture, fixtures and equipment and site acquisitions. These transfers are to fund the replacement of major school building system components that will be needed to preserve the efficient operation of the school facilities that were constructed or renovated since fiscal year 2003.

5. Other Fund Activities

The American Recovery and Reinvestment Act of 2009 (ARRA) was enacted to provide a stimulus to the economy including provisions for alternative forms of financing public school facilities. ARRA authorizes the issuance of obligations called "qualified school construction bonds" (QSCBs or COPs) for the construction, renovation or repair of a public school facility, or for the acquisition of land on which such a facility is to be constructed.

In fiscal year 2010, pursuant to ARRA, the District was allocated the authority to issue up to \$35,824,000 aggregate principal amount of QSCBs during calendar year 2009. Holders of QSCBs are entitled to a tax credit in an amount determined by the Secretary of the Treasury on each business day. The Series 2009B QSCBs were issued in the amount of \$35,820,000 under the Master Lease Program in the form of Certificates of Participation during the 2010 fiscal year. The proceeds of the COPs were used to finance the projects specified as (i) Westridge Middle School and Walker Middle School remodeling and renovation project and (ii) correction of outstanding deficiencies at various schools throughout the District. The construction projects were originally planned to be constructed using Sales Tax revenues.

ORANGE COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS – SALES TAX AND CAPITAL RENEWAL
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June 30, 2020

5. Other Fund Activities (continued)

The costs of the actual construction of the Westridge Middle School and Walker Middle School projects were charged in the Series 2009B QSCB Capital Project Fund where the proceeds were recorded. The Trustee, who held the proceeds, reimbursed the District for these expenditures. Funds were transferred in fiscal year 2010 from the Sales Tax Fund I to the Series 2009B QSCB Debt Service Fund in the amount of \$35,820,000 to cover the debt service on the QSCBs (COPs) for these projects. All interest earned in this fund will be retained in the fund to be used for repayment of the specified outstanding COPs, including an average supplemental interest coupon of 1.1499390%. Any proceeds remaining in the fund at the end of the repayment schedule will be returned to the Sales Tax Fund I to be used for other eligible projects.

In fiscal year 2011, pursuant to ARRA, the District was allocated the authority to issue up to \$36,229,000 aggregate principal amount of QSCBs. Although initially QSCBs were tax credit bonds, as a result of amendments to ARRA contained in the Hiring Incentives to Restore Employment Act (the HIRE Act), effective March, 2010, QSCBs were then issued as current interest paying taxable bonds, with an interest subsidy from the U.S. Treasury at a rate equal to the tax credit rate otherwise applicable to the QSCBs on the date of sale. The subsidy received by the District was intended to cover 100% of the interest payable on the QSCB, thus resulting in interest free financing for the District. However, as a result of the Federal sequestration, this subsidy was reduced and therefore resulted in a minimal interest obligation of the District. The 2010A QSCBs were issued in the amount of \$36,229,000 in fiscal year 2011 under the Master Lease Program in the form of Certificates of Participation. The proceeds of the COPs were used to finance the projects specified as Arbor Ridge K-8, Eccleston Elementary School and Sun Blaze Elementary School. The Arbor Ridge K-8 and Eccleston Elementary School construction projects were originally planned to be constructed using Sales Tax revenues.

The costs of the actual construction of the Arbor Ridge K-8, Eccleston Elementary School and Sun Blaze Elementary School projects were charged in the Series 2010A QSCB Capital Project Fund, where the proceeds were recorded. The Trustee, who held the proceeds, reimbursed the District for these expenditures. The District transferred \$23,436,330 from the Sales Tax Fund I to the Series 2010A QSCB Debt Service Funds during the 2011 fiscal year, and used the funds to purchase a Guaranteed Investment Contract that will be used to pay the debt service on the QSCBs (COPs) for this project. All interest earned in this fund will be retained in the fund to be used for repayment of the specified outstanding COPs. Any proceeds remaining in the fund at the end of the repayment schedule will be returned to the Sales Tax Fund I to be used for other eligible projects.

ORANGE COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS – SALES TAX AND CAPITAL RENEWAL
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June 30, 2020

5. Other Fund Activities (continued)

The charts below show a summary of the activity in the QSCB 2010 and 2009 Capital Projects and Debt Service Funds:

Related Activity in Other Capital Projects Funds - Cumulative Through June 30, 2020

	Capital Projects	
	QSCB 2010	QSCB 2009
Revenues		
Interest earnings	\$ 136,319	\$ 58,869
Total revenues	<u>136,319</u>	<u>58,869</u>
Expenditures		
Walker MS	-	25,279,279
Westridge MS	-	10,282,318
Sun Blaze ES	13,570,098	-
Eccleston ES	10,538,095	-
Arbor Ridge K-8	12,118,553	-
Total expenditures	<u>36,226,746</u>	<u>35,561,597</u>
Deficiency of revenues under expenditures	<u>(36,090,427)</u>	<u>(35,502,728)</u>
Other financing (uses) sources		
COPs proceeds	36,103,270	35,502,728
Transfer (out) - debt service fund	<u>(12,843)</u>	<u>-</u>
Total other financing (uses) sources	<u>36,090,427</u>	<u>35,502,728</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>

ORANGE COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS – SALES TAX AND CAPITAL RENEWAL
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June 30, 2020

5. Other Fund Activities (continued)

Related Activity in Other Debt Service Funds - Cumulative Through June 30, 2020

	Debt Service	
	QSCB 2010	QSCB 2009
Revenues		
Federal subsidy	\$ 15,615,839	\$ -
Interest earnings	5,373,232	8,627,183
Total revenues	<u>20,989,071</u>	<u>8,627,183</u>
Expenditures		
Interest and fees	16,674,053	4,746,981
Total expenditures	<u>16,674,053</u>	<u>4,746,981</u>
Excess of revenues over expenditures	<u>4,315,018</u>	<u>3,880,202</u>
Other financing (uses) sources		
COPs proceeds	125,730	317,272
Transfer in debt service fund	-	230,000
Transfer in sales tax fund I	23,436,330	35,820,000
Transfer in capital projects fund -CIT 2012	31,500	56,500
Transfer in capital projects fund -QSCB 2010A	12,843	-
Total other financing sources	<u>23,606,403</u>	<u>36,423,772</u>
Fund balance, ending	<u>\$ 27,921,421</u>	<u>\$ 40,303,974</u>

ORANGE COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS – SALES TAX AND CAPITAL RENEWAL
CAPITAL PROJECTS FUNDS

June 30, 2020

6. Expenditures by Project

During the closeout of a project, final adjustments are made for sales tax savings, final payments, vendor reimbursements, and other items. These adjustments may result in negative amounts being recorded to a project during a specific fiscal year.

The following is a summary of the expenditures by project for the fiscal year ended June 30, 2020:

Sales Tax Fund I Expenditures

Description of Project	Amount
Magnolia Elementary	\$1,775,910
Meadow Woods Middle	113,322
Ventura Elementary	82,408
Kaley-Lake Como K-8	57,862
Riverside Elementary	29,800
Cypress Park Elementary	18,088
Carver Middle	15,200
Ivey Lane Elementary	14,420
Dover Shores Elementary	13,547
Mollie Ray Elementary	10,762
Other project expenditures less than \$10,000	25,808
Negative amounts combined	(163,587)
	<u>\$1,993,540</u>

ORANGE COUNTY PUBLIC SCHOOLS**NOTES TO FINANCIAL STATEMENTS – SALES TAX AND CAPITAL RENEWAL
CAPITAL PROJECTS FUNDS***June 30, 2020***6. Expenditures by Project (continued)**Sales Tax Fund II Expenditures

Description of Project	Amount
Digital Curriculum	\$27,934,626
Magnolia Elementary	18,588,673
Winegard Elementary	17,713,432
Rolling Hills Elementary	15,380,015
Pinar Elementary	14,975,821
Southwest Middle	13,322,595
Boone High	11,120,319
Acceleration West	8,775,749
113-H-W-4	7,952,047
Meadow Woods Middle	6,593,149
Pershing-Pine Castle Elementary	3,366,721
Colonial High	3,366,091
Sunrise Elementary	3,274,001
Lake Gem Elementary	3,067,709
Corner Lake Middle	2,812,181
Hungerford Elementary	2,532,561
Lake George Elementary	2,459,184
Deerwood Elementary	2,058,101
Westside Tech	1,183,122
43-E-SE-2	777,397
Orlando Tech	768,484
Mid Florida Tech	746,311
90-K8-N-7	665,630
Moss Park Elementary	517,895
Stone Lakes Elementary	492,566
Prairie Lake Elementary	477,192
Avalon Elementary	468,946
Sun Blaze Elementary	464,961
Grand Avenue Primary Learning Center	459,134
Timber Lakes Elementary	414,009
Vista Lakes Elementary	409,545
Wetherbee Elementary	408,326

ORANGE COUNTY PUBLIC SCHOOLS**NOTES TO FINANCIAL STATEMENTS – SALES TAX AND CAPITAL RENEWAL
CAPITAL PROJECTS FUNDS***June 30, 2020***6. Expenditures by Project (continued)**

Description of Project	Amount
Forsyth Woods Elementary	406,880
Conway Elementary	404,824
East Lake Elementary	385,963
Rock Springs Elementary	385,026
Cypress Springs Elementary	382,537
Lake Sybelia Elementary	381,706
Lakemont Elementary	376,582
McCoy Elementary	370,098
Columbia Elementary	362,732
Shenandoah Elementary	334,589
Cheney Elementary	326,432
Princeton Elementary	325,864
Winter Park Tech	285,106
Killarney Elementary	267,667
Lake Weston Elementary	267,484
Brookshire Elementary	259,539
Lake Whitney Elementary	238,347
Kaley-Lake Como K-8	233,063
Maxey Elementary	227,420
Lake Silver Elementary	211,448
Apopka Elementary	199,135
Clay Springs Elementary	197,412
Frangus Elementary	195,799
Pine Hills Elementary	178,268
Eagle Creek Elementary	171,668
Millennia Elementary	160,750
Union Park Elementary	152,418
Cypress Park Elementary	140,247
Hidden Oaks Elementary	139,539
Dover Shores Elementary	130,572
West Creek Elementary	110,343
Azalea Park Elementary	105,268

ORANGE COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS – SALES TAX AND CAPITAL RENEWAL
CAPITAL PROJECTS FUNDS

June 30, 2020

6. Expenditures by Project (continued)

Description of Project	Amount
Endeavor Elementary	92,029
Spring Lake Elementary	80,939
Whispering Oak Elementary	61,729
Eagles Nest Elementary	58,231
Dream Lake Elementary	57,251
Orlando Gifted Magnet	55,704
Hunters Creek Elementary	44,130
West Oaks Elementary	39,686
Hillcrest Elementary	39,054
Bay Meadows Elementary	35,200
Pershing-Pine Castle Elementary	29,280
Freedom Middle	28,722
Sunset Park Elementary	23,389
Piedmont Lakes Middle	18,821
Rock Lake Elementary	18,380
Ventura Elementary	18,259
Orlo Vista Elementary	17,172
Meadow Woods Elementary	17,128
Sand Lake Elementary	14,062
Sadler Elementary	13,534
Windermere High	12,227
Tildenville Elementary	11,530
Other project expenditures less than \$10,000	175,824
Negative amounts combined	(268,579)
	<u>\$182,554,921</u>

ORANGE COUNTY PUBLIC SCHOOLS

NOTES TO FINANCIAL STATEMENTS – SALES TAX AND CAPITAL RENEWAL CAPITAL PROJECTS FUNDS

June 30, 2020

6. Expenditures by Project (continued)

Capital Renewal Expenditures

Description of Project	Amount
Jones High	\$7,880,877
Gotha Middle	7,518,231
Olympia High	6,897,628
Boone High	5,972,951
Pinewood Elementary	5,751,743
Oakshire Elementary	5,683,043
Colonial High 9th Grade Center	4,944,683
Colonial High	4,231,910
Discovery Middle	3,294,141
Timber Creek High	2,934,611
Ocoee Middle	2,912,069
Odyssey Middle	2,793,648
Riverdale Elementary	1,875,297
Lawton Chiles Elementary	1,290,135
Northlake Park Community Elementary	872,289
Blankner K-8	787,898
Acceleration East	547,684
Winter Park High	546,596
West Orange High	525,717
Edgewater High	508,277
Apopka High	464,435
Lakeville Elementary	440,692
Wekiva High	421,847
East River High	371,983
Union Park Middle	365,383
Southwood Elementary	357,191
Bridgewater Middle	321,795
Catalina Elementary	290,464
Castle Creek Elementary	259,708
Columbia Elementary	256,646

ORANGE COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS – SALES TAX AND CAPITAL RENEWAL
CAPITAL PROJECTS FUNDS

June 30, 2020

6. Expenditures by Project (continued)

Stone Lakes Elementary	250,993
Citrus Elementary	219,642
Freedom High	180,391
Avalon Center For Technical Excellence	170,129
Howard Middle	166,965
MetroWest Elementary	160,475
West Oaks Elementary	138,521
Windermere Elementary	123,342
Bonneville Elementary	96,905
Wolf Lake Middle	88,205
Thornebrooke Elementary	77,931
Glenridge Middle	77,769
Avalon Middle	76,725
College Park Middle	55,403
Lakeview Middle	53,462
Chain Of Lakes Middle	48,368
Three Points Elementary	46,969
Rosemont Elementary	44,612
Ridgewood Park Elementary	24,490
Piedmont Lakes Middle	11,765
Other project expenditures less than \$10,000	30,914
Negative amounts combined	(5,359)
	<u>\$73,458,189</u>

ORANGE COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS – SALES TAX AND CAPITAL RENEWAL
CAPITAL PROJECTS FUNDS

June 30, 2020

7. Construction Contract Commitments

The following tables present a summary of construction contract commitments remaining at June 30, 2020 for each fund. Major contract commitments, defined as those with a remaining committed balance of \$3 million or more, are presented individually, while all other contract commitments are presented in the aggregate.

Sales Tax Fund II

Project	Contract Amount	Completed to Date	Balance Committed
Site 113 H W 4 HS	\$ 57,282,154	\$ 13,996,157	\$ 43,285,997
Magnolia ES	29,000,125	14,038,870	14,961,255
Meadow Woods MS	12,895,128	3,201,675	9,693,453
Other major construction projects	274,125,994	260,471,601	13,654,393
Total	\$ 373,303,401	\$ 291,708,303	\$ 81,595,098

Capital Renewal Fund

Project	Contract Amount	Completed to Date	Balance Committed
Boone HS	\$ 20,654,256	\$ 16,451,680	\$ 4,202,576
Jones HS	12,001,462	5,510,978	6,490,484
Discovery MS	7,687,909	2,494,639	5,193,270
Other major construction projects	85,434,471	70,709,390	14,725,081
Total	\$ 125,778,098	\$ 95,166,687	\$ 30,611,411

ORANGE COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS – SALES TAX AND CAPITAL RENEWAL
CAPITAL PROJECTS FUNDS

June 30, 2020

8. Fund Balance Reporting

Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54), establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

Restricted – Fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.

The financial statements reflect restricted fund balances of the Sales Tax Fund I, Sales Tax Fund II and Capital Renewal funds of \$27,670,166, \$340,291,500 and \$597,996,285, respectively, at June 30, 2020. In accordance with GASB, these fund balances are classified as restricted and are available for use only on educational capital outlay expenditures in accordance with enabling legislation provided through School Board Resolution No. 05/02/02 NC-1 and School Board Resolution No. 2014-06-10.