

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

**ORANGE COUNTY PUBLIC SCHOOLS**

**Year Ended June 30, 2018**

**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, 2018, 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, 2018, 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.

# ORANGE COUNTY PUBLIC SCHOOLS

## BALANCE SHEET – SALES TAX AND CAPITAL RENEWAL CAPITAL PROJECTS FUNDS

June 30, 2018

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### ***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, 2018 and do not purport to, and do not, present fairly the financial position of Orange County Public Schools, as of June 30, 2018, 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.



Orlando, Florida  
December 6, 2018

**ORANGE COUNTY PUBLIC SCHOOLS****BALANCE SHEET – SALES TAX AND CAPITAL RENEWAL CAPITAL PROJECTS FUNDS***June 30, 2018*

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	<b>Sales Tax</b>	<b>Sales Tax</b>	<b>Capital</b>
	<b>Fund I</b>	<b>Fund II</b>	<b>Renewal</b>
	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>
<b>Assets</b>			
Cash	\$ 9,224,602	\$ 82,427,286	\$ 112,833,890
Investments	24,424,339	141,961,237	494,402,358
Interest receivable	–	–	826,416
Due from other agencies	–	23,052,380	–
Total assets	<u>\$ 33,648,941</u>	<u>\$ 247,440,903</u>	<u>\$ 608,062,664</u>
<b>Liabilities and fund balance</b>			
Liabilities:			
Accounts payable	\$ 1,875,514	\$ 5,328,213	\$ 348,095
Construction contracts payable	–	6,887,643	837,940
Construction contracts payable – retained percentage	143,460	6,579,665	1,029,123
Total liabilities	<u>2,018,974</u>	<u>18,795,521</u>	<u>2,215,158</u>
Fund balance:			
Restricted	<u>31,629,967</u>	<u>228,645,382</u>	<u>605,847,506</u>
Total fund balance	<u>31,629,967</u>	<u>228,645,382</u>	<u>605,847,506</u>
Total liabilities and fund balance	<u>\$ 33,648,941</u>	<u>\$ 247,440,903</u>	<u>\$ 608,062,664</u>

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

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

*Year Ended June 30, 2018*

	<b>Sales Tax Fund I</b>	<b>Sales Tax Fund II</b>	<b>Capital Renewal Fund</b>
<b>Revenues</b>			
Local sales taxes	\$ –	\$ 257,649,248	\$ –
Investment income	659,821	3,454,040	2,242,061
Other miscellaneous	78,445	143,386	22,677
Total revenues	<u>738,266</u>	<u>261,246,674</u>	<u>2,264,738</u>
<b>Expenditures</b>			
Facilities acquisition and construction	<u>19,986,999</u>	<u>196,622,397</u>	<u>24,704,043</u>
Excess (deficiency) of revenues over expenditures	<u>(19,248,733)</u>	<u>64,624,277</u>	<u>(22,439,305)</u>
<b>Other financing (uses) sources</b>			
Transfers (out) in	<u>–</u>	<u>(23,556,150)</u>	<u>23,556,150</u>
Total other financing (uses) sources	<u>–</u>	<u>(23,556,150)</u>	<u>23,556,150</u>
Net change in fund balance	(19,248,733)	41,068,127	1,116,845
Fund balance, beginning	<u>50,878,700</u>	<u>187,577,255</u>	<u>604,730,661</u>
Fund balance, ending	<u>\$ 31,629,967</u>	<u>\$ 228,645,382</u>	<u>\$ 605,847,506</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, 2018*

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**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 a 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 considering a consistent 12 month cycle. Expenditures are recorded when the fund liability is 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, 2018*

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**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, 2018 include program management and insurance costs that total \$439,883. 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, 2018 include program management and insurance costs that total \$5,109,907. 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, 2018 include program management and insurance costs that total \$3,053,407. 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 expenses or 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, 2018*

**2. Cash and Investments**

Cash deposits 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 Education Investment Trust Fund (FEITF), corporate and municipal bonds and United States government securities. 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, where 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.

At June 30, 2018, the Funds had the following investments:

**Sales Tax Fund I**

	<u>Value</u>
<b>Investments measured at net asset value (NAV):</b>	
FL Special Purpose Investment Account (SPIA)	\$ 6,631,384
Florida Education Investment Trust Fund (Term)	1,430,960
Total investments measured at NAV	<u>8,062,344</u>
 <b>Investments measured at amortized cost:</b>	
Florida Prime	13,818,067
Florida Education Investment Trust Fund (Portfolio)	2,543,928
Total investments measured at amortized cost	<u>16,361,995</u>
 Total Investments	 <u>\$ 24,424,339</u>

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

June 30, 2018

**2. Investments (Continued)**

**Sales Tax Fund II**

	<u>Value</u>
<b>Investments measured at net asset value (NAV):</b>	
FL Special Purpose Investment Account (SPIA)	\$ 38,543,496
Florida Education Investment Trust Fund (Term)	<u>8,317,147</u>
Total investments measured at NAV	<u>46,860,643</u>
<b>Investments measured at amortized cost:</b>	
Florida Prime	80,314,556
Florida Education Investment Trust Fund (Portfolio)	<u>14,786,038</u>
Total investments measured at amortized cost	<u>95,100,594</u>
Total Investments	<u>\$ 141,961,237</u>

**Capital Renewal Fund**

	<u>Fair Value Measurements at Reporting Date</u>			
	<u>Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>Investments measured at fair value</b>				
U.S. Government Agencies	\$ 252,606,383	\$ -	\$ 252,606,383	\$ -
Corporate bonds	74,749,739	-	74,749,739	-
Municipal bonds	<u>31,097,717</u>	-	<u>31,097,717</u>	-
Total investments measured at fair value level	<u>358,453,839</u>	<u>\$ -</u>	<u>\$ 358,453,839</u>	<u>\$ -</u>
<b>Investments measured at net asset value (NAV):</b>				
FL Special Purpose Investment Account (SPIA)	31,480,856			
Florida Education Investment Trust Fund (Term)	<u>6,793,128</u>			
Total investments measured at NAV	<u>38,273,984</u>			
<b>Investments measured at amortized cost:</b>				
Florida Prime	65,597,863			
Florida Education Investment Trust Fund (Portfolio)	12,076,672			
Certificate of Deposits	<u>20,000,000</u>			
Total investments measured at amortized cost	<u>97,674,535</u>			
Total Investments	<u>\$ 494,402,358</u>			

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.

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

*June 30, 2018*

**2. Investments (Continued)**

Certain investments are measured using the net asset value (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, FEITF (Term) and Certificates of Deposits are reported at amortized cost and the Florida Special Purpose Investment Account and the FEITF (Portfolio) are reported at net asset value 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 statement of activities:

	<b>Sales Tax Fund I</b>
Interest Income	\$ 509,162
Net increase in fair value	150,659
Net investment income	<u>\$ 659,821</u>

	<b>Sales Tax Fund II</b>
Interest Income	\$ 3,350,615
Net increase in fair value	103,425
Net investment income	<u>\$ 3,454,040</u>

	<b>Capital Renewal Fund</b>
Interest Income	\$ 10,429,879
Net decrease in fair value	(8,187,818)
Net investment income	<u>\$ 2,242,061</u>

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

*June 30, 2018*

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**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 range of 0-90 days.

The Funds have \$283,704,100 in obligations of the United States Government Sponsored Agencies/Federal Instrumentalities and Municipal Bonds, and \$74,749,739 in Corporate Bonds. These securities included 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 2018 and December 2028.

At June 30, 2018, the District's investments had weighted average maturities of 3.0 years in the SPIA, 77 days in the Florida Prime, 32 days in the Florida Education Investment Trust fund, and 3.48 years in corporate bonds, municipal bonds and government obligations.

**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 Education Investment Trust Fund;
- 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.

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

*June 30, 2018*

**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 Funds’ \$283,704,100 investments in obligations of United States Government Agencies and Instrumentalities and Municipal Bonds, and \$74,749,739 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 Education Investment Trust Fund	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	100%

As of June 30, 2018, the Funds’ investments in the SPIA totaled \$76,655,736, which is rated A+f by S&P. These funds allocate investment earnings monthly.

As of June 30, 2018, the Funds’ investments in the Florida Prime accounts totaled \$159,730,486, which is AAAM rated by S&P. These funds allocate investment earnings monthly.

As of June 30, 2018, the Funds’ investments in the Florida Education Investment Trust Fund totaled \$45,947,873, which is rated AAAM by S&P.

As of June 30, 2018, the Funds’ investments in corporate bonds were \$74,749,739, all of which are rated A or higher.

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

*June 30, 2018*

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**2. Investments (Continued)**

As of June 30, 2018, the Funds' investments in government obligation and municipal bonds were \$283,704,100, all of which are rated A or higher.

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 \$23,052,380 is the amount due from the Florida Department of Revenue for sales tax collections. These amounts were collected by businesses through June 30, 2018, and remitted to the District within 45 days of year end.

**4. Interfund Transfers**

During fiscal year ended June 30, 2018, interfund transfers in the amount of \$23,556,150 were transferred from the Sales Tax Fund II to the Capital Renewal Fund. The amount transferred this year, exclusively from the Sales Tax Fund II to the Capital Renewal Fund, is 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, 2018*

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**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 QSCB's 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, QSCB's 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 QSCB's 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 are 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 \$23,436,331 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**  
**CAPITAL PROJECTS FUNDS**

*June 30, 2018*

**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, 2018**

	<b>Capital Projects</b>	
	<b>QSCB 2010</b>	<b>QSCB 2009</b>
<b>Revenues</b>		
Interest earnings	\$ 136,319	\$ 58,869
Total revenues	<u>136,319</u>	<u>58,869</u>
<b>Expenditures</b>		
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	(36,090,427)	(35,502,728)
<b>Other financing (uses) sources</b>		
COPs proceeds	36,103,270	35,502,728
Transfer (out) - debt service fund	(12,843)	-
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**  
**CAPITAL PROJECTS FUNDS**

*June 30, 2018*

**5. Other Fund Activities (Continued)**

**Related Activity in Other Debt Service Funds - Cumulative Through June 30, 2018**

	<b>Debt Service</b>	
	<b>QSCB 2010</b>	<b>QSCB 2009</b>
<b>Revenues</b>		
Federal subsidy	\$ 12,259,233	\$ -
Interest earnings	3,467,396	4,039,721
Total revenues	<u>15,726,629</u>	<u>4,039,721</u>
<b>Expenditures</b>		
Interest and fees	13,090,278	3,912,242
Total expenditures	<u>13,090,278</u>	<u>3,912,242</u>
Excess of revenues over expenditures	2,636,351	127,479
<b>Other financing (uses) sources</b>		
COPs proceeds	125,730	317,272
Transfer in debt service fund	-	230,000
Transfer in sales tax fund	23,436,331	35,820,000
Transfer in capital projects fund -CIT 2012	24,500	24,500
Transfer in capital projects fund -QSCB 2010A	12,843	-
Total other financing sources	<u>23,599,404</u>	<u>36,391,772</u>
Net change in fund balance	<u>\$ 26,235,755</u>	<u>\$ 36,519,251</u>

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

*June 30, 2018*

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**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, 2018:

Sales Tax Fund I Expenditures

Description of Project	Amount
OCPS Academic Center For Excellence	\$6,034,060
Dover Shores Elementary	4,634,180
Carver Middle	3,051,892
Cypress Park Elementary	1,061,295
Ventura Elementary	954,447
Kaley-Lake Como Elementary	512,782
Meadow Woods Middle	511,344
Rock Lake Elementary	390,731
Lockhart Middle	360,999
College Park Middle	301,814
Lake Nona Middle	291,281
Meadow Woods Elementary	278,366
Ivey Lane Elementary	259,206
Gateway	229,253
Dr Phillips High	188,693
Windy Ridge K-8	180,615
Hungerford Elementary	178,889
Arbor Ridge K-8	177,494
Mollie Ray Elementary	143,550
Tangelo Park Elementary	113,747
Bridgewater Middle	109,728
Oak Hill Elementary	79,282
Cypress Creek High	59,087
Riverside Elementary	56,303
Frangus Elementary	33,750
Dream Lake Elementary	30,625

**ORANGE COUNTY PUBLIC SCHOOLS**

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

*June 30, 2018*

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**6. Expenditures by Project (Continued)**

Description of Project	Amount
Maitland Middle	22,505
Lockhart Elementary	15,436
Little River Elementary	14,500
Esteem Academy	14,371
Apopka Middle	12,240
Corner Lake Middle	11,639
Winter Park High	10,681
Waterford Elementary	9,663
Wolf Lake Middle	9,053
Memorial Middle	4,298
Union Park Middle	4,298
Conway Middle	4,298
Lake Weston Elementary	2,887
Apopka Elementary	2,655
Lake Whitney Elementary	2,049
Clay Springs Elementary	1,019
Union Park Elementary	635
Freedom Middle	351
Piedmont Lakes Middle	143
Avalon Middle	(7,696)
Engelwood Elementary	(137,590)
Oak Ridge High	(233,849)
	<u>\$19,986,999</u>

## ORANGE COUNTY PUBLIC SCHOOLS

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

June 30, 2018

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#### 6. Expenditures by Project (Continued)

##### Sales Tax Fund II Expenditures

Description of Project	Amount
Kaley-Lake Como Elementary	\$23,213,843
Frangus Elementary	17,379,357
Pine Hills Elementary	17,065,682
Hillcrest Elementary	16,318,694
Maxey Elementary	15,403,704
Union Park Elementary	15,186,305
Hidden Oaks Elementary	14,567,253
Cypress Park Elementary	13,023,569
Hungerford Elementary	12,985,923
Dover Shores Elementary	10,761,724
Pershing-Pine Castle Elem	7,660,739
Digital Curriculum	6,180,473
Corner Lake Middle	4,165,385
Richmond Heights Elementary	2,892,201
Meadow Woods Elementary	2,482,805
Rock Lake Elementary	1,707,808
Oak Hill Elementary	1,686,062
Ivey Lane Elementary	1,613,286
Mollie Ray Elementary	1,442,419
Lake Gem Elementary	921,970
Lake George Elementary	855,972
Engelwood Elementary	842,004
Deerwood Elementary	796,164
Sunrise Elementary	785,040
Boone High	655,550
Southwest Middle	591,382
Palmetto Elementary	496,827
Colonial High	476,504
Windy Ridge K-8	440,075
Lancaster Elementary	422,615
Chickasaw Elementary	401,405
OCPS Academic Center For Excellence	365,847

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

*June 30, 2018*

**6. Expenditures by Project (Continued)**

Description of Project	Amount
Camelot Elementary	354,584
Hiawassee Elementary	330,339
Magnolia	306,410
Catalina Elementary	269,914
Arbor Ridge K-8	236,841
Winegard Elementary	207,157
Pinar Elementary	206,635
Sunset Park Elementary	201,897
Zellwood Elementary	195,434
Rolling Hills Elementary	178,601
Orange Center Elementary	169,513
Dillard Street Elementary	163,521
Meadow Woods Middle	108,008
Windermere Elementary	100,909
Carver Middle	84,322
Apopka High 9Th Grade Center	76,780
Acceleration Academy West	60,341
Shingle Creek Elementary	41,594
Wheatley Elementary	21,030
Ocoee Elementary	20,380
Ocoee High	15,778
Fern Creek Elementary	13,509
Lovell Elementary	12,109
Audubon Park Elementary	10,346
Lockhart Middle	10,235
Sunridge Middle	9,706
Bridgewater Middle	5,370
Orlando Gifted Magnet	2,594
Three Points Elementary	2,546
Esteem Academy	1,360
University High	943
Winter Park High	768

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

*June 30, 2018*

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**6. Expenditures by Project (Continued)**

Description of Project	Amount
Bonneville Elementary	756
Laureate Park Elementary	573
Wedgefield School	423
Riverside Elementary	397
Metrowest Elementary	359
Westpointe Elem	347
Millennia Gardens Elementary	303
Bay Lake Elementary	298
Dream Lake Elementary	272
Ventura Elementary	(589,392)
	<u>\$196,622,397</u>

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

*June 30, 2018*

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**6. Expenditures by Project (Continued)**

Capital Renewal Expenditures

Description of Project	Amount
Boone High	\$3,856,708
Odyssey Middle	2,157,592
Jackson Middle	1,696,943
Blankner K-8	1,575,060
Liberty Middle	1,379,805
Winter Park High	1,321,959
College Park Middle	1,211,611
Lakeview Middle	1,043,438
Colonial High	981,521
Wolf Lake Elementary	863,472
Ocoee Middle	820,945
Gotha Middle	763,553
Piedmont Lakes Middle	718,884
Glenridge Middle	665,065
Citrus Elementary	594,084
Howard Middle	566,637
Bonneville Elementary	561,937
Avalon Middle	423,416
Freedom High	364,627
Timber Creek High	334,398
South Creek Middle	308,084
Olympia High	295,355
Avalon Elementary	286,291
Dr Phillips High	260,713
Sunset Park Elementary	207,944
Discovery Middle	171,669
Pinewood Elementary	151,180
Oakshire Elementary	123,128
Three Points Elementary	113,210
Lakeville Elementary	91,835
Robinswood Middle	87,697
Rosemont Elementary	80,899

**ORANGE COUNTY PUBLIC SCHOOLS**

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

*June 30, 2018*

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**6. Expenditures by Project (Continued)**

Description of Project	Amount
Ridgewood Park Elementary	77,555
Palmetto Elementary	76,871
Acceleration Academy	74,987
Chain Of Lakes Middle	63,288
Colonial High 9Th Grade Center	63,099
Southwood Elementary	53,153
Jones High	50,634
Thornebrooke Elementary	43,184
Wolf Lake Middle	35,275
Lawton Chiles Elementary	31,724
Northlake Park Community Elementary	27,997
Riverdale Elementary	15,834
Millennia Elementary	7,755
Lockhart Middle	1,397
Hunters Creek Middle	1,038
Freedom Middle	592
	<u>\$24,704,043</u>



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

*June 30, 2018*

**7. Construction Contract Commitments**

The following is a summary of major construction contract commitments remaining at June 30, 2018:

Sales Tax Fund I

<u>Project</u>	<u>Contract Amount</u>	<u>Completed to Date</u>	<u>Balance Committed</u>
Dr. Phillips HS	36,866,091	10,554,781	26,311,310
Total	<u>\$ 36,866,091</u>	<u>\$ 10,554,781</u>	<u>\$ 26,311,310</u>

Sales Tax Fund II

<u>Project</u>	<u>Contract Amount</u>	<u>Completed to Date</u>	<u>Balance Committed</u>
Cypress Park ES	\$ 12,167,596	\$ 9,129,779	\$ 3,037,816
Frangus ES	14,163,935	11,006,184	3,157,751
Corner Lakes MS	10,388,727	2,218,082	8,170,645
Pershing ES	21,967,319	3,382,106	18,585,214
Total	<u>\$ 58,687,577</u>	<u>\$ 25,736,151</u>	<u>\$ 32,951,426</u>

Capital Renewal Fund

<u>Project</u>	<u>Contract Amount</u>	<u>Completed to Date</u>	<u>Balance Committed</u>
Boone HS	\$ 16,819,136	\$ 2,631,337	\$ 14,187,799
Total	<u>\$ 16,819,136</u>	<u>\$ 2,631,337</u>	<u>\$ 14,187,799</u>

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

*June 30, 2018*

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**8. Fund Balance Reporting**

The financial statements reflect restricted fund balances of the Sales Tax Fund I, Sales Tax Fund II and Capital Renewal funds of approximately \$31.6 million, \$228.6 million and \$605.8 million, respectively, at June 30, 2018. In accordance with GAAP, 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.

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.