

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

**ORANGE COUNTY PUBLIC SCHOOLS**

**Year Ended June 30, 2019**

**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, 2019, 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, 2019, 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, 2019 and do not purport to, and do not, present fairly the financial position of Orange County Public Schools, as of June 30, 2019, 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 CPA". The signature is written in a cursive style.

Orlando, Florida  
November 22, 2019

**ORANGE COUNTY PUBLIC SCHOOLS****BALANCE SHEETS – SALES TAX AND CAPITAL RENEWAL CAPITAL PROJECTS FUNDS***June 30, 2019*

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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>Total</b>
	<u>          </u>	<u>          </u>	<u>        </u>	<u>          </u>
<b>Assets</b>				
Cash	\$ 5,701,535	\$ 77,507,690	\$ 69,727,580	\$ 152,936,805
Investments	25,242,487	211,919,259	554,428,454	791,590,200
Interest receivable	–	–	946,207	946,207
Due from other agencies	–	24,881,907	–	24,881,907
Total assets	<u>\$ 30,944,022</u>	<u>\$ 314,308,856</u>	<u>\$ 625,102,241</u>	<u>\$ 970,355,119</u>
<b>Liabilities and fund balance</b>				
Liabilities:				
Accounts payable	\$ 1,831,909	\$ 2,646,170	\$ 2,018,013	\$ 6,496,092
Construction contracts payable	67,702	8,937,380	8,129,604	17,134,686
Construction contracts payable – Retained Percentage	100	5,891,887	2,461,569	8,353,556
Total liabilities	<u>1,899,711</u>	<u>17,475,437</u>	<u>12,609,186</u>	<u>31,984,334</u>
Fund balance:				
Restricted	<u>29,044,311</u>	<u>296,833,419</u>	<u>612,493,055</u>	<u>938,370,785</u>
Total fund balance	<u>29,044,311</u>	<u>296,833,419</u>	<u>612,493,055</u>	<u>938,370,785</u>
Total liabilities and fund balance	<u>\$ 30,944,022</u>	<u>\$ 314,308,856</u>	<u>\$ 625,102,241</u>	<u>\$ 970,355,119</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, 2019*

	<b>Sales Tax</b>	<b>Sales Tax</b>	<b>Capital</b>	
	<b>Fund I</b>	<b>Fund II</b>	<b>Renewal</b>	<b>Total</b>
	<b>Fund I</b>	<b>Fund II</b>	<b>Fund</b>	<b>Total</b>
<b>Revenues</b>				
Local sales taxes	\$ –	\$ 274,456,899	\$ –	\$ 274,456,899
Investment income	744,498	7,339,721	26,230,257	34,314,476
Other miscellaneous	14,790	281,183	45,248	341,221
<b>Total revenues</b>	<b>759,288</b>	<b>282,077,803</b>	<b>26,275,505</b>	<b>\$ 309,112,596</b>
<b>Expenditures</b>				
Facilities acquisition and construction	3,344,944	183,186,316	50,333,406	236,864,666
Excess (deficiency) of revenues over expenditures	(2,585,656)	98,891,487	(24,057,901)	72,247,930
<b>Other financing (uses) sources</b>				
Transfers (out) in	–	(30,703,450)	30,703,450	–
<b>Total other financing (uses) sources</b>	<b>–</b>	<b>(30,703,450)</b>	<b>30,703,450</b>	<b>–</b>
Net change in fund balance	(2,585,656)	68,188,037	6,645,549	72,247,930
Fund balance, beginning	31,629,967	228,645,382	605,847,506	866,122,855
<b>Fund balance, ending</b>	<b>\$ 29,044,311</b>	<b>\$ 296,833,419</b>	<b>\$ 612,493,055</b>	<b>\$ 938,370,785</b>

*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, 2019*

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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 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, 2019*

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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, 2019, include program management and insurance costs of \$92,170 and \$1,044, 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, 2019, include program management and insurance costs of \$4,315,928 and \$79,991, 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, 2019, include program management and insurance costs of \$3,699,954 and \$21,020, 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, 2019*

**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 deposits. 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 District has both types of FL PALM investments.

At June 30, 2019, the Funds had the following investments:

**Sales Tax Fund I**

	<u>Value</u>
<b>Investments measured at NAV:</b>	
FL Special Purpose Investment Account (SPIA)	\$ 4,858,713
Florida Public Assets for Liquidity Management (Term)	261,189
Total investments measured at NAV	<u>5,119,902</u>
<b>Investments measured at amortized cost:</b>	
Florida Prime	12,548,621
Florida Public Assets for Liquidity Management (Portfolio)	5,465,177
Florida Safe	2,108,787
Total investments measured at amortized cost	<u>20,122,585</u>
Total Investments	<u>\$ 25,242,487</u>

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

June 30, 2019

**2. Investments (Continued)**

**Sales Tax Fund II**

	<u>Value</u>
<b>Investments measured at NAV:</b>	
FL Special Purpose Investment Account (SPIA)	\$ 40,790,543
Florida Public Assets for Liquidity Management (Term)	3,550,648
Total investments measured at NAV	<u>44,341,191</u>
<b>Investments measured at amortized cost:</b>	
Florida Prime	105,349,943
Florida Public Assets for Liquidity Management (Portfolio)	44,524,138
Florida Safe	17,703,987
Total investments measured at amortized cost	<u>167,578,068</u>
Total Investments	<u>\$ 211,919,259</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	\$ 256,141,983	\$ -	\$ 256,141,983	\$ -
Corporate bonds	60,713,776	-	60,713,776	-
Municipal bonds	36,807,046	-	36,807,046	-
Total investments measured at fair value level	<u>353,662,805</u>	<u>\$ -</u>	<u>\$ 353,662,805</u>	<u>\$ -</u>
<b>Investments measured at NAV:</b>				
FL Special Purpose Investment Account (SPIA)	36,718,864			
Florida Public Assets for Liquidity Management (Term)	3,194,239			
Total investments measured at NAV	<u>39,913,103</u>			
<b>Investments measured at amortized cost:</b>				
Florida Prime	94,833,997			
Florida Public Assets for Liquidity Management (Portfolio)	40,081,760			
Florida Safe	15,936,789			
Certificate of Deposits	10,000,000			
Total investments measured at amortized cost	<u>160,852,546</u>			
Total Investments	<u>\$ 554,428,454</u>			

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

June 30, 2019

**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 Deposits 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:

	<b>Sales Tax Fund I</b>	
Interest Income	\$	649,771
Net increase in fair value		94,727
Net investment income	\$	<u>744,498</u>

	<b>Sales Tax Fund II</b>	
Interest Income	\$	6,399,468
Net increase in fair value		940,253
Net investment income	\$	<u>7,339,721</u>

	<b>Capital Renewal Fund</b>	
Interest Income	\$	13,773,783
Net increase in fair value		12,456,474
Net investment income	\$	<u>26,230,257</u>

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

*June 30, 2019*

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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 up to 90 days.

The Capital Renewal Fund has \$292,949,029 in obligations of the United States Government Sponsored Agencies/Federal Instrumentalities and Municipal Bonds, and \$60,713,776 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 2019 and December 2028.

At June 30, 2019, the District's investments had weighted average maturities of 2.71 years in the SPIA, 82 days in the Florida Prime, 52 days in the Florida Public Assets for Liquidity Management, 41 days in the Florida Safe and 2.59 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, 2019*

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**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 \$292,949,029 investments in obligations of United States Government Agencies and Federal Instrumentalities and Municipal Bonds, and \$60,713,776 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, 2019, the Funds’ investments in the SPIA totaled \$82,368,120, which is rated AA-f by S&P. These funds allocate investment earnings monthly.

As of June 30, 2019, the Funds’ investments in the Florida Prime accounts totaled \$212,732,561, which is AAAm rated by S&P. These funds allocate investment earnings monthly.

As of June 30, 2019, the Funds’ investments in the Florida Public Assets for Liquidity Management totaled \$97,077,151, which is rated AAAm by S&P.

As of June 30, 2019, the Funds’ investments in the Florida Safe totaled \$35,749,563, 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, 2019*

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**2. Investments (Continued)**

As of June 30, 2019, the Capital Renewal Fund's investments in corporate bonds were \$60,713,776, all of which are rated A or higher.

As of June 30, 2019, the Capital Renewal Fund's investments in government obligations and municipal bonds were \$292,949,029, 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 \$24,881,907 is the amount due from the Florida Department of Revenue for sales tax collections. These amounts were collected by businesses through June 30, 2019, and remitted to the District within 45 days of year end.

**4. Interfund Transfers**

During fiscal year ended June 30, 2019, funds in the amount of \$30,703,450 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**  
**CAPITAL PROJECTS FUNDS**

*June 30, 2019*

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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, 2019*

**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, 2019**

	<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	<u>(36,090,427)</u>	<u>(35,502,728)</u>
<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, 2019*

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

**Related Activity in Other Debt Service Funds - Cumulative Through June 30, 2019**

	<b>Debt Service</b>	
	<b>QSCB 2010</b>	<b>QSCB 2009</b>
<b>Revenues</b>		
Federal subsidy	\$ 13,934,404	\$ -
Interest earnings	4,392,085	6,159,211
Total revenues	<u>18,326,489</u>	<u>6,159,211</u>
<b>Expenditures</b>		
Interest and fees	14,881,740	4,326,672
Total expenditures	<u>14,881,740</u>	<u>4,326,672</u>
Excess of revenues over expenditures	<u>3,444,749</u>	<u>1,832,539</u>
<b>Other financing (uses) sources</b>		
COPs proceeds	125,730	317,272
Transfer in debt service fund	-	230,000
Transfer in sales tax fund	23,436,330	35,820,000
Transfer in capital projects fund -CIT 2012	28,000	40,500
Transfer in capital projects fund -QSCB 2010A	12,843	-
Total other financing sources	<u>23,602,903</u>	<u>36,407,772</u>
Fund balance, ending	<u>\$ 27,047,652</u>	<u>\$ 38,240,311</u>

**ORANGE COUNTY PUBLIC SCHOOLS**  
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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, 2019:

Sales Tax Fund I Expenditures

Description of Project	Amount
Dover Shores Elementary	\$1,689,264
Cypress Park Elementary	722,184
Ventura Elementary	247,012
Kaley-Lake Como K-8	223,698
Magnolia Elementary	88,174
Ivey Lane Elementary	51,718
Engelwood Elementary	47,067
Freedom Middle	45,004
Meadow Woods Elementary	43,084
Grand Avenue Primary Learning Center	42,322
Dr. Phillips Elementary	36,000
Frangus Elementary	23,075
Carver Middle	19,809
Pine Hills Elementary	18,950
Gateway	17,716
Tangelo Park Elementary	12,539
Rock Lake Elementary	11,838
Other project expenditures less than \$10,000	50,354
Negative amounts combined	(44,864)
	<u>\$3,344,944</u>

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

*June 30, 2019*

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

Sales Tax Fund II Expenditures

Description of Project	Amount
Digital Curriculum	\$34,477,185
Pershing-Pine Castle Elementary	24,471,915
Deerwood Elementary	18,574,410
Boone High	11,504,232
Corner Lake Middle	11,335,327
Colonial High	10,804,384
Lake Gem Elementary	10,769,386
Sunrise Elementary	7,758,995
Lake George Elementary	7,699,309
Southwest Middle	4,654,459
Frangus Elementary	3,508,777
Cypress Park Elementary	3,056,188
Dover Shores Elementary	2,966,273
Union Park Elementary	2,953,123
Pine Hills Elementary	2,439,402
Hidden Oaks Elementary	2,347,479
Hillcrest Elementary	2,179,987
Magnolia Elementary	2,121,622
Kaley-Lake Como K-8	1,912,163
Hungerford Elementary	1,727,816
Pinar Elementary	1,014,734
Rolling Hills Elementary	978,648
Winegard Elementary	886,973
Maxey Elementary	743,944
Meadow Woods Middle	690,859
Acceleration West	680,543
Wolf Lake Elementary	594,819
Baldwin Park Elementary	530,404
Wyndham Lakes Elementary	493,048
Grand Avenue Primary Learning Center	461,510
Andover Elementary	407,177
Tildenville Elementary	401,703

**ORANGE COUNTY PUBLIC SCHOOLS**  
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**6. Expenditures by Project (Continued)**

Description of Project	Amount
Orange Technical College - Mid Florida Campus	401,608
Castle Creek Elementary	396,520
Sadler Elementary	390,763
West Oaks Elementary	386,410
Northlake Park Community Elementary	386,407
West Creek Elementary	385,900
Windermere Elementary	383,777
Eagles Nest Elementary	363,811
Bay Meadows Elementary	341,910
Orlo Vista Elementary	311,532
Whispering Oak Elementary	296,091
Dillard Street Elementary	293,408
Endeavor Elementary	274,437
Orange Technical College -Westside Campus	266,800
Ventura Elementary	247,476
Azalea Park Elementary	230,703
Brookshire Elementary	190,801
Bridgewater Middle	190,504
Orlando Gifted Magnet	169,470
Orange Technical College - Winter Park Campus	151,587
Shingle Creek Elementary	150,839
Sand Lake Elementary	139,694
Zellwood Elementary	139,497
Orange Technical College - Orlando Campus	124,942
Engelwood Elementary	120,439
Sunset Park Elementary	119,561
Cypress Springs Elementary	112,121
Lake Whitney Elementary	104,000
Bay Lake Elementary	83,625
Carver Middle	82,967
Orange Center Elementary	59,321
Oak Hill Elementary	56,354

**ORANGE COUNTY PUBLIC SCHOOLS**  
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**6. Expenditures by Project (Continued)**

Description of Project	Amount
Fern Creek Elementary	48,416
Lovell Elementary	47,604
Dream Lake Elementary	41,832
Ocoee Elementary	40,604
Millennia Gardens Elementary	35,279
Ivey Lane Elementary	30,321
Mollie Ray Elementary	26,614
Palmetto Elementary	25,826
Windy Ridge K-8	25,732
Laureate Park Elementary	19,638
Cypress Creek High	19,575
Metrowest Elementary	18,948
Westpointe Elem	18,343
Richmond Heights Elementary	18,322
Hiawassee Elementary	18,003
Dr. Phillips High	17,735
Lancaster Elementary	16,222
Camelot Elementary	15,147
Wedgfield K-8	14,891
Millennia Elementary	14,419
Riverside Elementary	14,119
Chickasaw Elementary	13,475
Tangelo Park Elementary	13,000
Lake Sybelia Elementary	12,787
Lockhart Elementary	11,218
Wheatley Elementary	10,985
Meadow Woods Elementary	10,586
Other project expenditures less than \$10,000	86,606
	\$183,186,316

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

**ORANGE COUNTY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS – SALES TAX AND CAPITAL RENEWAL**  
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Capital Renewal Expenditures

Description of Project	Amount
Boone High	\$12,109,125
Timber Creek High	11,910,989
Olympia High	6,994,316
Blankner K-8	3,195,036
Colonial High	1,450,813
Chain Of Lakes Middle	1,361,053
Ocoee Middle	1,283,724
Oakshire Elementary	1,142,500
Citrus Elementary	1,077,706
Odyssey Middle	984,247
Gotha Middle	949,567
Lawton Chiles Elementary	804,148
Lakeville Elementary	484,240
Southwood Elementary	469,798
Jones High	449,586
Rosemont Elementary	421,756
Riverdale Elementary	405,255
Ridgewood Park Elementary	391,698
Lake Nona High	378,479
Dr. Phillips High	364,514
Pinewood Elementary	352,554
Discovery Middle	351,320
Three Points Elementary	267,191
Glenridge Middle	248,582
Memorial Middle	247,598
College Park Middle	243,685
Northlake Park Community Elementary	235,389
Millennia Elementary	223,254
Lockhart Middle	181,868
Winter Park High	179,749

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

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

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Description of Project	Amount
Howard Middle	174,966
Windermere Elementary	155,556
West Oaks Elementary	143,088
Freedom High	137,191
Bonneville Elementary	107,455
Colonial High 9Th Grade Center	88,468
Thornebrooke Elementary	58,867
Esteem Academy	55,239
Acceleration East	51,689
Jackson Middle	48,801
Wolf Lake Elementary	40,208
Wolf Lake Middle	32,995
Lakeview Middle	26,398
Avalon Middle	23,892
Avalon Center For Technical Excellence	16,821
Stone Lakes Elementary	15,634
Apopka High	15,544
Columbia Elementary	13,469
Bridgewater Middle	11,163
Other project expenditures less than \$10,000	37,621
Negative amounts combined	(81,399)
	<u>\$50,333,406</u>

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

June 30, 2019

**7. Construction Contract Commitments**

The following tables present a summary of construction contract commitments remaining at June 30, 2019 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 I

Project	Contract Amount	Completed to Date	Balance Committed
Other major construction projects	\$ 11,906,817	\$ 11,714,775	\$ 192,042
Total	\$ 11,906,817	\$ 11,714,775	\$ 192,042

Sales Tax Fund II

Project	Contract Amount	Completed to Date	Balance Committed
Rolling Hills ES	\$ 11,991,066	\$ -	\$ 11,991,066
Southwest MS	13,070,831	2,080,680	10,990,151
Pinar ES	12,313,255	267,102	12,046,153
Other major construction projects	229,172,852	211,717,271	17,455,581
Total	\$ 266,548,004	\$ 214,065,053	\$ 52,482,951

Capital Renewal Fund

Project	Contract Amount	Completed to Date	Balance Committed
Boone HS	\$ 15,741,580	\$ 11,576,647	\$ 4,164,933
Oakshire/Pinewoods ES	11,054,732	281,793	10,772,939
Colonial HS	4,726,420	1,403,360	3,323,060
Timber Creek HS	11,401,732	8,355,943	3,045,789
Olympia HS	11,201,463	4,390,402	6,811,061
Gotha MS	7,125,067	523,136	6,601,931
Other major construction projects	65,997,797	56,385,628	9,612,169
Total	\$ 127,248,791	\$ 82,916,909	\$ 44,331,882



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

*June 30, 2019*

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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 \$29,044,311, \$296,833,419 and \$612,493,055, respectively, at June 30, 2019. In accordance with Governmental Accounting Standards, 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.