

ORANGE COUNTY PUBLIC SCHOOLS

FINANCIAL STATEMENTS – SALES TAX AND CAPITAL RENEWAL CAPITAL PROJECTS FUNDS

Year Ended June 30, 2023

And 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

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the financial statements as listed in the table of contents.

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, 2023, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 and do not purport to, and do not, present fairly the financial position of Orange County Public Schools, as of June 30, 2023, and the changes in its financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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.

Cherry Bekaert LLP

Orlando, Florida
December 11, 2023

**ORANGE COUNTY PUBLIC SCHOOLS
BALANCE SHEET**

JUNE 30, 2023

	Sales Tax Fund I	Sales Tax Fund II	Capital Renewal Fund	Total
ASSETS				
Cash	\$ 1,493,303	\$ 205,815,361	\$ 39,683,786	\$ 246,992,450
Investments	5,897,203	698,186,222	625,078,804	1,329,162,229
Interest receivable	-	-	793,589	793,589
Due from other agencies	-	34,799,576	-	34,799,576
Total Assets	\$ 7,390,506	\$ 938,801,159	\$ 665,556,179	\$ 1,611,747,844
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 794,721	\$ 2,779,351	\$ 3,093,352	\$ 6,667,424
Construction contracts payable	-	6,374,048	4,287,753	10,661,801
Retained percentage	-	1,451,620	606,665	2,058,285
Total Liabilities	794,721	10,605,019	7,987,770	19,387,510
Fund Balance:				
Restricted	6,595,785	928,196,140	657,568,409	1,592,360,334
Total Fund Balance	6,595,785	928,196,140	657,568,409	1,592,360,334
Total Liabilities and Fund Balance	\$ 7,390,506	\$ 938,801,159	\$ 665,556,179	\$ 1,611,747,844

The accompanying notes to the financial statements are an integral part of these 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, 2023

	Sales Tax Fund I	Sales Tax Fund II	Capital Renewal Fund	Total
Revenues:				
Local sales taxes	\$ -	\$ 368,290,467	\$ -	\$ 368,290,467
Investment income	172,344	31,048,861	9,004,612	40,225,817
Other miscellaneous	3,515	21,067	33,031	57,613
Total Revenues	175,859	399,360,395	9,037,643	408,573,897
Expenditures:				
Facilities acquisition and construction	326,137	51,417,808	30,962,297	82,706,242
Excess (Deficiency) of Revenues Over Expenditures	(150,278)	347,942,587	(21,924,654)	325,867,655
Other Financing (Uses) Sources:				
Transfers (out) in	-	(58,807,300)	58,807,300	-
Total Other Financing (Uses) Sources	-	(58,807,300)	58,807,300	-
Net change in fund balance	(150,278)	289,135,287	36,882,646	325,867,655
Fund balance, beginning (restricted)	6,746,063	639,060,853	620,685,763	1,266,492,679
Fund balance, ending (restricted)	\$ 6,595,785	\$ 928,196,140	\$ 657,568,409	\$ 1,592,360,334

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

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

JUNE 30, 2023

Note 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 45 days after year-end and taking into account a consistent 12-month cycle. Expenditures are recorded when the Funds’ 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.

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 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, 2023, include program management costs of \$2,751,808. 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.

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

JUNE 30, 2023

Note 1—Summary of significant accounting policies (continued)

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, 2023, include program management costs of \$3,288,326. 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 (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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.

Note 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"), Florida Cooperative Liquid Asset Security System ("FL CLASS"), Florida Safe (a local government investment pool), corporate and municipal bonds, United States government securities, and money market funds. 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 shares of the underlying 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.

The Funds categorize their fair value measurements within the fair value hierarchy established by U.S. GAAP. 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, FL CLASS, and money market investments are reported at amortized cost, and the Florida Special Purpose Investment Account is 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.

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

JUNE 30, 2023

Note 2—Cash and investments (continued)

At June 30, 2023, the Funds had the following investments:

Sales Tax Fund I

	<u>Value</u>
Investments measured at NAV:	
FL Special Purpose Investment Account (SPIA)	\$ 82,265
Total investments measured at NAV	<u>82,265</u>
Investments measured at amortized cost:	
Florida Prime	2,066,211
FL PALM	1,792,615
FL CLASS	1,758,416
Florida Safe	164,143
Money market	<u>33,553</u>
Total investments measured at amortized cost	<u>5,814,938</u>
Total investments	<u>\$ 5,897,203</u>

Sales Tax Fund II

	<u>Value</u>
Investments measured at NAV:	
FL Special Purpose Investment Account	\$ 9,739,531
Total investments measured at NAV	<u>9,739,531</u>
Investments measured at amortized cost:	
Florida Prime	244,624,494
FL PALM	212,232,709
FL CLASS	208,183,741
Florida Safe	19,433,352
Money market	<u>3,972,395</u>
Total investments measured at amortized cost	<u>688,446,691</u>
Total investments	<u>\$ 698,186,222</u>

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

JUNE 30, 2023

Note 2—Cash and investments (continued)

Capital Renewal Fund

	Fair Value Measurements at Reporting Date			
	Value	Level 1	Level 2	Level 3
Investments measured at fair value:				
U.S. government agencies	\$ 505,721,627	\$ -	\$ 505,721,627	\$ -
Corporate bonds	9,564,872	-	9,564,872	-
Municipal bonds	16,035,136	-	16,035,136	-
Total investments measured at fair value level	531,321,635	\$ -	\$ 531,321,635	\$ -
Investments measured at NAV:				
FL Special Purpose Investment Account (SPIA)	1,307,890			
Total investments measured at NAV	1,307,890			
Investments measured at amortized cost:				
Florida Prime	32,849,832			
FL PALM	28,500,044			
FLCLASS	27,956,321			
Florida Safe	2,609,642			
Money market	533,440			
Total investments measured at amortized cost	92,449,279			
Total investments	\$ 625,078,804			

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

JUNE 30, 2023

Note 2—Cash and investments (continued)

Investment Income – The following schedule summarizes the Funds’ investment income as presented on the statements of revenues, expenditures, and changes in fund balance:

	Sales Tax Fund I
Interest income	\$ 117,309
Net increase in fair value	55,035
Net investment income	<u>\$ 172,344</u>
	Sales Tax Fund II
Interest income	\$ 26,256,952
Net increase in fair value	4,791,909
Net investment income	<u>\$ 31,048,861</u>
	Capital Renewal Fund
Interest income	\$ 12,051,627
Net decrease in fair value	(3,047,015)
Net investment income	<u>\$ 9,004,612</u>

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

The Capital Renewal Fund has \$531,321,635 in obligations of the United States Government Sponsored Agencies/Federal Instrumentalities, Corporate Bonds, and Municipal 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 being January 2037.

At June 30, 2023, the District’s investments had weighted average maturities of 3.02 years in the SPIA; 82 days in the Florida Prime; 28 days in the FL PALM; 60 days in the FL CLASS; 47 days in the Florida Safe; and 3.31 years in corporate bonds, municipal bonds, and government obligations.

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

JUNE 30, 2023

Note 2—Cash and investments (continued)

Credit Risk – Investments authorized by District policy are:

- a. Direct obligations of the U.S. Treasury;
- b. U.S. 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. Investment in the Florida Cooperative Liquid Asset Securities System;
- g. Certificates of deposit and savings accounts;
- h. Repurchase agreements;
- i. State and/or local government taxable or tax-exempt debt;
- j. Corporate bonds;
- k. Commercial paper; and,
- l. Money market mutual funds and other local government investment pools.

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 District's interest in the security; 2) if in a book entry form, the investment must be held for the credit of the District 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 \$531,321,635 of investments in obligations of United States government agencies and federal Instrumentalities, corporate bonds, and municipal bonds are held by the safekeeping agent, in the name of the District.

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

JUNE 30, 2023

Note 2—Cash and investments (continued)

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%
Florida Surplus Assets Fund Trust	100%
Florida Cooperative Liquid Assets Securities System 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 and other local government investment pools	100%

As of June 30, 2023, the Funds' investments in the SPIA totaled \$11,129,686, which is rated AA-f by Standard & Poors ("S&P"). These funds allocate investment earnings monthly.

As of June 30, 2023, the Funds' investments in the Florida Prime accounts totaled \$279,540,537, which is AAAM rated by S&P. These funds allocate investment earnings monthly.

As of June 30, 2023, the Funds' investments in the FL PALM totaled \$242,525,368, which is rated AAAM by S&P.

As of June 30, 2023, the Funds' investments in the FL CLASS totaled \$237,898,478, which is rated AAAM by S&P.

As of June 30, 2023, the Funds' investments in the Florida Safe totaled \$22,207,137 which is rated AAAM by S&P.

As of June 30, 2023, the Capital Renewal Fund's investments in government obligations, corporate bonds, and municipal bonds were \$531,321,635, all of which are rated A or higher.

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

Note 3—Due from other agencies

Due from other agencies of \$34,799,576, is the amount due from the Florida Department of Revenue for sales tax collections. These amounts were collected by businesses through June 30, 2023 and remitted to the District within 45 days of year-end.

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

JUNE 30, 2023

Note 4—Interfund transfers

During fiscal year ended June 30, 2023, funds in the amount of \$58,807,300 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 since January 1, 2016, calculated with an initial base amount. Such capital expenditures exclude library books, furniture, fixtures and equipment, and site acquisitions. These transfers fund the replacement of major school building system components needed to preserve the efficient operation of the school facilities constructed or renovated since fiscal year 2003.

Note 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 authorized the issuance of obligations called “qualified school construction bonds” (“QSCBs”) or “certificates of participation” (“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 COPs 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.

Costs of the 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. The principle of this debt will be paid in a lump sum in fiscal year 2024-2025.

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 (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.

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

JUNE 30, 2023

Note 5—Other fund activities (continued)

Costs of the 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. The principle of this debt will be paid in a lump sum in fiscal year 2029-2030.

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, 2023

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

JUNE 30, 2023

Note 5—Other fund activities (continued)

Related Activity in Other Debt Service Funds - Cumulative Through June 30, 2023

	Debt Service	
	QSCB 2010	QSCB 2009
Revenues:		
Federal subsidy	\$ 21,534,112	\$ -
Interest earnings	8,135,027	7,635,098
Total revenues	<u>29,669,139</u>	<u>7,635,098</u>
Expenditures:		
Interest and fees	<u>22,050,480</u>	<u>5,994,521</u>
Total expenditures	<u>22,050,480</u>	<u>5,994,521</u>
Excess of revenues over expenditures	<u>7,618,659</u>	<u>1,640,577</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	42,000	104,500
Transfer in capital projects fund -QSCB 2010A	<u>12,843</u>	<u>-</u>
Total other financing sources	<u>23,616,903</u>	<u>36,471,772</u>
Fund balance, ending	<u><u>\$ 31,235,562</u></u>	<u><u>\$ 38,112,349</u></u>

Note 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.

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

JUNE 30, 2023

Note 6—Expenditures by project (continued)

The following is a summary of the expenditures by project for the fiscal year ended June 30, 2023:

Sales Tax Fund I Expenditures

<u>Description of Project</u>	<u>Amount</u>
Meadow Woods Middle	\$ 424,208
Magnolia School	8,128
Dr. Phillips High	2,047
Negative amounts combined	<u>(108,246)</u>
	<u>\$ 326,137</u>

Sales Tax Fund II Expenditures

<u>Description of Project</u>	<u>Amount</u>
Orange Technical College - Main Campus	\$ 23,358,300
Orange Technical College - West Campus	12,593,460
Winter Park High	2,793,637
Orange Technical College - East Campus	2,569,218
Howard Middle	2,206,309
Hungerford Elementary	1,518,020
Lakeview Middle	1,183,974
Colonial High	957,154
50-H-SE-2	895,753
Three Points Elementary	367,768
Whispering Oak Elementary	358,004
97-E-SE-2	341,696
Orange Technical College - South Campus	309,304
Hunters Creek Elementary	266,599
College Park Middle	201,151
Dr. Phillips Elementary	200,507
Avalon Elementary	175,749
Hunters Creek Middle	175,692
Ocoee Middle	167,372

ORANGE COUNTY PUBLIC SCHOOLS
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CAPITAL PROJECTS FUNDS

JUNE 30, 2023

Note 6—Expenditures by project (continued)

Sales Tax Fund II Expenditures (continued)

<u>Description of Project</u>	<u>Amount</u>
Westridge Middle	\$ 156,058
Endeavor Elementary	133,536
Citrus Elementary	133,532
Northlake Park Community	132,564
Chain of Lakes Middle	129,096
Camelot Elementary	127,593
Horizon High	114,125
Southwest Middle	92,036
Kelly Park School	71,005
Acceleration West	44,157
Rolling Hills Elementary	43,450
Oak Ridge High	26,547
Boone High	21,006
Windermere High	19,080
Ventura Elementary	11,425
Virginia Park Elementary	10,121
Other project expenditures less than \$10,000	12,065
Negative amounts combined.	(499,255)
	<u>\$ 51,417,808</u>

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

JUNE 30, 2023

Note 6—Expenditures by project (continued)

Capital Renewal Expenditures

<u>Description of Project</u>	<u>Amount</u>
Jones High	\$ 3,911,180
Lakeview Middle	2,703,139
Thornebrook Elementary	1,985,022
Liberty Middle	1,750,258
Glenridge Middle	1,651,567
Windemere Elementary	1,620,417
Roberto Clemente Middle	1,306,322
Gotha Middle	1,030,346
Piedmont Lakes Middle	821,006
Ocoee High	754,526
Apopka High	607,049
Wolf Lake Middle	575,271
East River High	565,725
Chain Of Lakes Middle	565,475
Lake Nona High	542,666
Riverdale Elementary	498,146
Edgewater High	466,459
Wekiva High	455,441
Discovery Middle	410,910
West Orange High	385,385
Dr. Phillips High	369,018
Boone High	345,010
Lockhart Middle	327,532
Ocoee Middle	326,935
Tildenville Elementary	308,540
Eagles Nest Elementary	294,635
Avalon Middle	231,645
Legacy Middle	226,433
Lake Sybelia Elementary	226,410
Oak Ridge High	216,699

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

JUNE 30, 2023

Note 6—Expenditures by project (continued)

Capital Renewal Expenditures (continued)

<u>Description of Project</u>	<u>Amount</u>
Castle Creek Elementary	\$ 184,569
Rosemonth Elementary	183,656
Washington Shores Primary Learning Center	181,694
Union Park Middle	174,374
Maitland Middle	170,361
Dommerich Elementary	163,921
Colonial 9th Grade Center	150,635
Baldwin Park Elementary	140,443
Windy Ridge K-8	138,761
Freedom High	135,775
andover Elementary	132,098
Wyndham Lakes Elementary	131,111
McCoy Elementary	128,102
Timber Creek High	124,163
East Lake Elementary	124,125
Walker Middle	122,404
Bonneville Elementary	121,256
Millennia elementary	114,973
Pinewood Elementary	114,871
Sadler Elementary	108,952
Hunters Creek Elementary	105,911
Arbor Reidge K-8	104,676
Columbia Elementary	100,509
College Park Middle	96,713
Keenes Crossing Middle	93,531
Meadowbrook Middle	93,161
Westbrooke Elementary	91,608
Lake Nona Middle	91,255
Hunters Creek Middle	87,957
	85,817

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

JUNE 30, 2023

Note 6—Expenditures by project (continued)

Capital Renewal Expenditures (continued)

<u>Description of Project</u>	<u>Amount</u>
Freedom Middle	\$ 84,573
Princeton Elementary	83,108
Lancaster Elementary	79,451
West Oaks Elementary	78,544
Dillard Street Elementary	76,965
Westridge Middle	76,689
Dr. Phillips Elementary	75,976
Forsyth Woods Elementary	73,921
Palm Lake Elementary	73,779
Wolf Lake Elementary	70,302
Haiwassee Elementary	69,810
Bridgewater Middle	61,217
Sunridge Elementary	57,584
Shenandoah Elementary	53,406
Catalina Elementary	50,134
Blankner K-8	46,133
Eccleston Elementary	45,854
Moss Park Elementary	45,835
Stone Lakes Elementary	45,749
Vista Lakes Elementary	44,202
Killarney Elementary	40,589
West Creek Elementary	37,358
Memorial Middle	36,216
Ridgewood Park Elementary	34,147
Evans High	32,660
Lakemont Elementary	32,212
South Creek Middle	30,776
Olympia High	29,386
Avalon Center	27,097

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

JUNE 30, 2023

Note 6—Expenditures by project (continued)

Capital Renewal Expenditures (continued)

<u>Description of Project</u>	<u>Amount</u>
Lakeville Elementary	\$ 22,357
Timber Lakes Elementary	15,508
Sand Lake Elementary	15,174
Waterbridge Elementary	11,703
Acceleration East	10,213
Other projects less than \$10,000	71,560
Negative amount combined	(54,440)
	<u>\$ 30,962,297</u>

Note 7—Construction contract commitments

The following tables present a summary of construction contract commitments remaining at June 30, 2023 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

<u>Project</u>	<u>Contract Amount</u>	<u>Completed to Date</u>	<u>Balance Committed</u>
Howard MS-AM GMP 01	\$ 45,106,554	\$ 648,398	\$ 44,458,156
Hungerford Elementary	3,204,999	1,270,008	1,934,991
Pinar Elementary	12,119,515	12,085,039	34,476
Orlando Technical College - Main	29,586,780	16,337,155	13,249,625
SITE 50-H-SE-2 - GMP 6	46,994,547	839,238	46,155,309
Orlando Technical College - West	36,886,896	7,584,649	29,302,247
Orlando Technical College - East	50,325,542	715,819	49,609,723
Other major construction projects	1,135,787	185,521	950,266
	<u>\$ 225,360,620</u>	<u>\$ 39,665,827</u>	<u>\$ 185,694,793</u>

Capital Renewal Fund

<u>Project</u>	<u>Contract Amount</u>	<u>Completed to Date</u>	<u>Balance Committed</u>
Thornebrooke Elementary	\$ 3,648,717	\$ 1,573,327	\$ 2,075,390
Glenridge Middle	5,813,799	5,813,799	-
Dr. Phillips High	3,656,995	291,113	3,365,882
Jones High	15,054,429	12,704,572	2,349,857
Other major construction projects	9,252,483	6,680,404	2,572,079
	<u>\$ 37,426,423</u>	<u>\$ 27,063,215</u>	<u>\$ 10,363,208</u>

ORANGE COUNTY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS – SALES TAX AND CAPITAL RENEWAL
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JUNE 30, 2023

Note 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 \$6,595,785, \$928,196,140, and \$657,568,409, respectively, at June 30, 2023. 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.