

STATE OF FLORIDA AUDITOR GENERAL

Financial and Federal Single Audit

Report No. 2023-135
March 2023

**ORANGE COUNTY
DISTRICT SCHOOL BOARD**

For the Fiscal Year Ended
June 30, 2022



Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2021-22 fiscal year, Dr. Barbara M. Jenkins served as Superintendent of the Orange County Schools and the following individuals served as School Board Members:

| | <u>District No.</u> |
|--|---------------------|
| Teresa Jacobs, Chair | Districtwide |
| Angela Gallo | 1 |
| Johanna Lopez | 2 |
| Linda Kobert | 3 |
| Pam Gould, Vice Chair through 11-15-21 | 4 |
| Vicki-Elaine Felder | 5 |
| Dr. Karen Castor Dentel | 6 |
| Melissa Byrd, Vice Chair from 11-16-21 | 7 |

The Auditor General conducts audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

The team leader was Patricia A. Tindel, CPA, and the audit was supervised by Jeffery M. Brizendine, CPA.

Please address inquiries regarding this report to Edward A. Waller, CPA, Audit Manager, by e-mail at tedwaller@aud.state.fl.us or by telephone at (850) 412-2887.

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SUMMARY

SUMMARY OF REPORT ON FINANCIAL STATEMENTS

Our audit disclosed that the basic financial statements of the Orange County District School Board (District) were presented fairly, in all material respects, in accordance with prescribed financial reporting standards.

SUMMARY OF REPORT ON INTERNAL CONTROL AND COMPLIANCE

Our audit did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* issued by the Comptroller General of the United States.

SUMMARY OF REPORT ON FEDERAL AWARDS

We audited the District's compliance with applicable Federal awards requirements. The Child and Adult Care Food Program, Title I program, Career and Technical Education, and Education Stabilization Fund were audited as major Federal programs. The results of our audit indicated that the District materially complied with the requirements that could have a direct and material effect on each of its major Federal programs.

AUDIT OBJECTIVES AND SCOPE

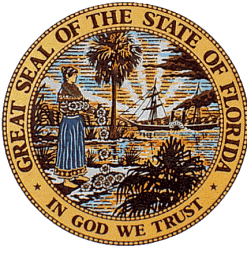
Our audit objectives were to obtain reasonable assurance about whether the financial statements as a whole were free from material misstatements, whether due to fraud or error, and to issue an auditor's report that included our opinions. Our audit objectives were also to obtain reasonable assurance about whether material noncompliance with applicable Federal awards requirements occurred, whether due to fraud or error, and to express an opinion on the District's compliance based on our audit. In doing so, we:

- Exercised professional judgment and maintained professional skepticism throughout the audit.
- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, and designed and performed audit procedures responsive to those risks.
- Obtained 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 controls.
- Evaluated the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluated the overall presentation of the financial statements and accompanying Schedule of Expenditures of Federal Awards.
- Concluded whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

- Examined various transactions to determine whether they were executed, in both manner and substance, in accordance with governing provisions of laws, rules, regulations, contracts, and grant agreements.

AUDIT METHODOLOGY

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.



Sherrill F. Norman, CPA
Auditor General

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The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Orange County District School Board, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Orange County District School Board, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the school internal funds, which represent 3 percent, 0 percent, 4 percent, 6 percent, and 5 percent, respectively, of the assets, liabilities, net position and fund balance, revenues, and expenditures of the aggregate remaining fund information. In addition, we did not audit the financial statements of the aggregate discretely presented component units, which represent 100 percent of the transactions and account balances of the aggregate discretely presented component units columns. The financial statements of the school internal funds and the aggregate discretely presented component units were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those financial statements, are based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 GAAS 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 GAAS 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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS**, the **Budgetary Comparison Schedule – General and Major Special Revenue Funds**, **Schedule of Changes in the District's Total OPEB Liability and Related Ratios**, **Schedule of the District's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan**, **Schedule of District Contributions – Florida Retirement System Pension Plan**, **Schedule of the District's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan**, **Schedule of District Contributions – Health Insurance Subsidy Pension Plan**, and **Notes to Required Supplementary Information**, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***. 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.

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
March 2, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Orange County District School Board has prepared the following discussion and analysis to provide an overview of the District's financial activities for the fiscal year ended June 30, 2022. The information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions and should be considered in conjunction with the District's financial statements and notes to financial statements found immediately following the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2021-22 fiscal year are as follows:

- The assets and deferred outflows of the District exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$5,379,674,326 (net position).
- The District's total net position increased by \$548,624,997.
- Total revenues of \$3,077,292,844 were comprised of general revenues in the amount of \$2,809,946,988, or 91.3 percent, and program specific revenues from charges for services, grants and contributions in the amount of \$267,345,856, or 8.7 percent.
- For the year ended June 30, 2022, the District had \$2,528,667,847 in expenses related to governmental activities; \$267,345,856 of which were offset by program specific charges or services, grants and other sources. General revenues (primarily taxes and State funding programs) of \$2,809,946,988 were sufficient to provide for the District's programs.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$2,521,779,568, an increase of \$342,316,808 in comparison with the prior year. Approximately 5.3 percent of this total amount, \$132,604,286, is available for spending at the District's discretion for the purposes defined for each governmental fund (unassigned fund balance). The remaining balance of \$2,389,175,282 has been designated as nonspendable, restricted, or assigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$132,604,286, or 7.3 percent of total general fund expenditures.
- The District's total long-term debt for bonds and certificates of participation decreased by \$44,447,659, or 4.1 percent, during the current fiscal year, primarily due to principal payments.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to financial statements. This report also includes supplementary information intended to furnish additional details to support the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements (or district-wide financial statements) are designed to provide a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the two reported as

net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities provides information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some times that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes, other postemployment benefits, and earned but unused vacation and sick leave).

All of the District's activities and services are reported in the government-wide financial statements, including instruction, student support services, instructional media services, administrative technology services, maintenance of plant, student transportation services, and food services. Property taxes, State assistance, and interest and investment earnings finance most of these activities. Additionally, all capital and debt financing activities are reported here. The District currently does not report any business-type activities, which would include functions that are intended to recover all or a significant portion of their costs through user fees and charges.

The government-wide financial statements include not only the District itself (known as the primary government), but also the School Board of Orange County Employee Benefits Trust (Trust) and the Orange County School Board Leasing Corporation (Corporation). The Trust and the Corporation, although also legally separate, were formed to administer the District's group health and life insurance program and facilitate financing for the acquisition of facilities and equipment, respectively. Due to the substantive economic relationships between the District and the Trust and the Corporation, their financial activities have been included as an integral part of the primary government.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains 11 individual governmental funds. Information is presented separately in the governmental funds balance sheets and in the governmental funds statements of revenues, expenditures, and changes in fund balances for the General Fund, Special Revenue – Federal Education Stabilization Fund, Capital Projects – Capital Improvement Tax Fund, and Capital Projects – Other Capital Projects Fund which are considered to be major funds. Data from the other 7 governmental funds are combined into a single, aggregated presentation.

The District adopts an annual appropriated budget for its governmental funds. A budgetary comparison schedule has been provided for the General and major Special Revenue Funds to demonstrate compliance with the budget.

Proprietary Funds: The District maintains one type of proprietary fund – internal service funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District’s various functions. The District uses internal service funds to account for its self-insurance programs, employee benefits trust and printing services. Because these services benefit the District’s governmental functions, they have been included within governmental activities in a subsequent note.

The three internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the form of combining statements elsewhere in this report.

Notes to Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the District’s total other postemployment benefits (OPEB) and net pension liabilities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position over time may serve as a useful indicator of a government’s financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$5,379,674,326 at the close of the most recent fiscal year. The following is a summary of the District’s net position as of June 30, 2022, compared to net position as of June 30, 2021:

Net Position, End of Year

| | Governmental Activities | | Percentage Change |
|---------------------------------------|----------------------------|-------------------------|----------------------|
| | 6-30-22 | 6-30-21 | |
| Current and Other Assets | \$ 2,849,845,897 | \$ 2,480,521,813 | 14.9% |
| Capital Assets | 4,754,181,281 | 4,728,784,738 | 0.5% |
| Total Assets | 7,604,027,178 | 7,209,306,551 | 5.5% |
| Deferred Outflows of Resources | 429,659,081 | 533,790,623 | -19.5% |
| Long-Term Liabilities | 1,782,429,084 | 2,668,372,355 | -33.2% |
| Other Liabilities | 203,267,604 | 204,920,191 | -0.8% |
| Total Liabilities | 1,985,696,688 | 2,873,292,546 | -30.9% |
| Deferred Inflows of Resources | 668,315,245 | 38,755,299 | 1624.4% |
| Net Position: | | | |
| Net Investment in Capital Assets | 3,757,943,100 | 3,670,925,473 | 2.4% |
| Restricted | 2,128,130,251 | 1,749,738,183 | 21.6% |
| Unrestricted (Deficit) | (506,399,025) | (589,614,327) | 14.1% |
| Total Net Position | \$ 5,379,674,326 | \$ 4,831,049,329 | 11.4% |

Current and other assets increased by \$369,324,084 primarily due to increases in cash and investments totaling \$109,940,641 and \$181,392,818, respectively, as a result of increases in local sales tax and impact fee revenues. Long-term liabilities decreased by \$885,943,271 primarily due to a decrease in net pension liability by \$825,356,279. Also, deferred inflows of resources increased by \$629,559,946 primarily due to the change in projected and actual earnings on Florida Retirement System pension plan investments of \$620,067,077.

The largest portion of the District's net position (69.9 percent) reflects its investment in existing capital assets (e.g., land; buildings; machinery and equipment), net of accumulated depreciation and less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide educational and related services to its students; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the District's net position (39.6 percent) reflects its restricted net position for capital projects, debt service, food service, and other purposes. The District will use these resources in a continuing effort to build and refurbish sufficient classroom space for the growing student population in Orange County, Florida.

The balance of the District's net position is shown as unrestricted deficit net position of \$506,399,025. The deficit balance in unrestricted net position is primarily due to reporting of the District's proportionate share of the State's pension liability.

The key elements of the changes in the District's net position for the fiscal years ended June 30, 2022, and June 30, 2021, are as follows:

Operating Results for the Fiscal Year Ended

| | Governmental Activities | | Percentage Change |
|---|----------------------------|-------------------------|----------------------|
| | 6-30-22 | 6-30-21 | |
| Program Revenues: | | | |
| Charges for Services | \$ 12,133,104 | \$ 7,625,739 | 59.1% |
| Operating Grants and Contributions | 152,842,730 | 162,555,975 | -6.0% |
| Capital Grants and Contributions | 102,370,022 | 68,880,343 | 48.6% |
| General Revenues: | | | |
| Property Taxes | 1,096,646,527 | 1,107,491,443 | -1.0% |
| Local Sales Taxes | 332,412,105 | 223,647,866 | 48.6% |
| Grants and Contributions Not Restricted to Specific Programs | 1,318,091,725 | 1,208,594,601 | 9.1% |
| Unrestricted Investment Earnings (Loss) | (17,448,391) | (10,232,526) | 70.5% |
| Miscellaneous | 80,245,022 | 109,256,810 | -26.6% |
| Total Revenues | 3,077,292,844 | 2,877,820,251 | 6.9% |
| Functions/Program Expenses: | | | |
| Instruction | 1,349,254,533 | 1,339,407,365 | 0.7% |
| Student Support Services | 103,165,984 | 103,380,847 | -0.2% |
| Instructional Media Services | 18,330,673 | 18,692,108 | -1.9% |
| Instruction and Curriculum Development Services | 87,327,912 | 95,069,814 | -8.1% |
| Instructional Staff Training Services | 45,952,210 | 45,933,493 | 0.0% |
| Instruction-Related Technology | 12,095,876 | 14,121,410 | -14.3% |
| Board | 4,498,327 | 4,903,948 | -8.3% |
| General Administration | 23,561,795 | 20,130,527 | 17.0% |
| School Administration | 116,990,451 | 127,114,712 | -8.0% |
| Facilities Acquisition and Construction | 43,464,624 | 73,777,972 | -41.1% |
| Fiscal Services | 7,280,070 | 7,774,983 | -6.4% |
| Food Services | 130,553,103 | 137,068,574 | -4.8% |
| Central Services | 42,216,062 | 38,340,745 | 10.1% |
| Student Transportation Services | 87,592,777 | 92,144,730 | -4.9% |
| Operation of Plant | 160,266,710 | 171,939,165 | -6.8% |
| Maintenance of Plant | 35,665,543 | 36,441,525 | -2.1% |
| Administrative Technology Services | 33,049,412 | 38,528,660 | -14.2% |
| Community Services | 43,595,411 | 24,397,990 | 78.7% |
| Unallocated Interest on Long-Term Debt | 28,497,539 | 102,776,669 | -72.3% |
| Unallocated Depreciation Expense | 155,308,835 | 150,595,934 | 3.1% |
| Total Functions/Program Expenses | 2,528,667,847 | 2,642,541,171 | -4.3% |
| Change in Net Position | 548,624,997 | 235,279,080 | 133.2% |
| Net Position - Beginning | 4,831,049,329 | 4,579,955,668 | 5.5% |
| Adjustment to Beginning Net Position (1) | - | 15,814,581 | -100.0% |
| Net Position - Beginning, as Restated | 4,831,049,329 | 4,595,770,249 | 5.1% |
| Net Position - Ending | \$ 5,379,674,326 | \$ 4,831,049,329 | 11.4% |

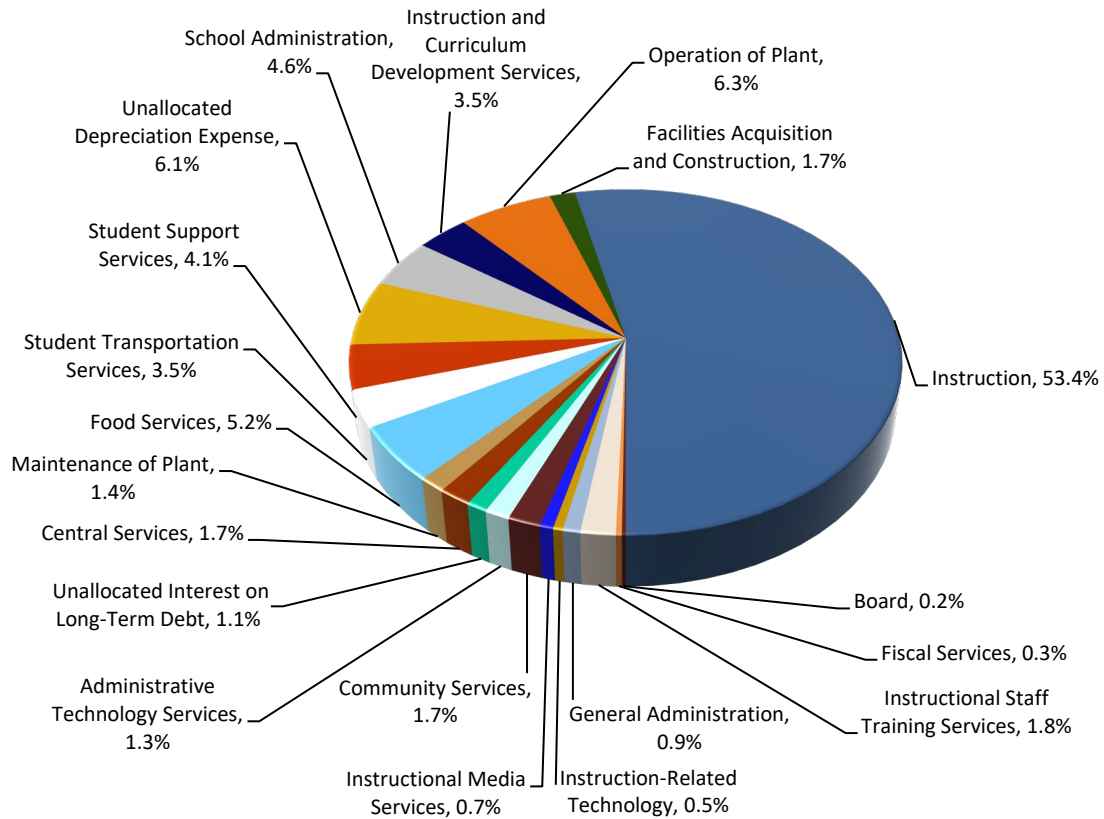
(1) In the 2020-21 fiscal year, the adjustment to beginning net position was due to the District implementing GASB Statement No. 84 and reporting the school internal funds as part of governmental activities.

Local sales taxes increased by \$108,764,239, or 48.6 percent, as a result of the lifting of restrictions from the COVID-19 pandemic.

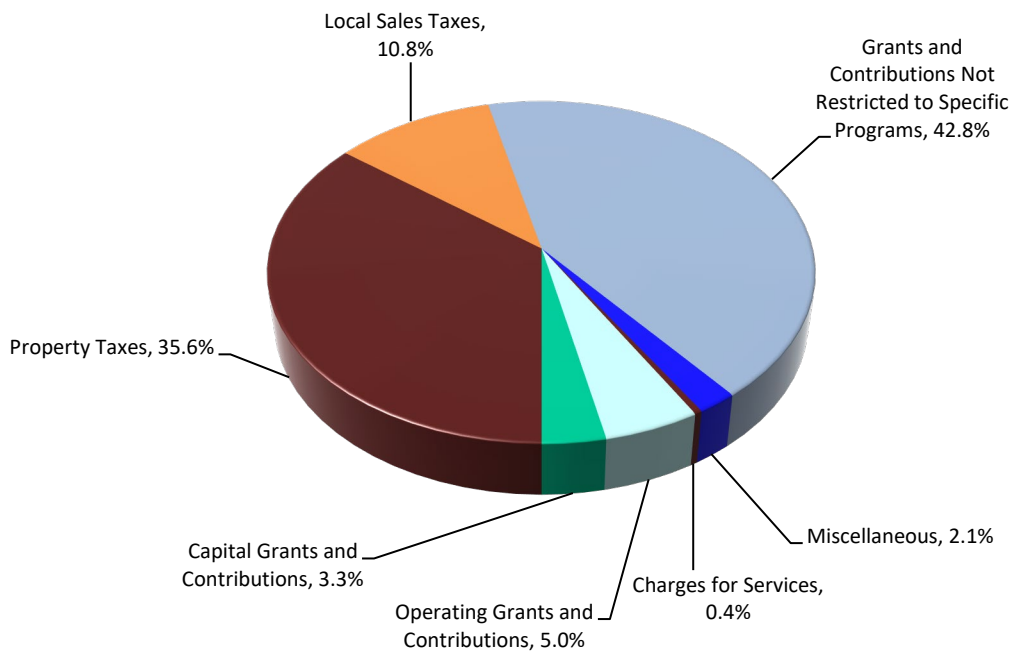
Grants and contributions not restricted to specific programs increased by \$109,497,124, or 9.1 percent, primarily due to an increase in Federal Education Stabilization Funds.

Unallocated interest on long-term debt decreased by \$74,279,130, or 72.3 percent, due to two refundings of Certificates of Participation.

Expenses – Statement of Activities



Revenues by Source – Statement of Activities



As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$2,521,779,568, an increase of \$342,316,808 in comparison with the prior fiscal year. Approximately 5.3 percent of this total amount, \$132,604,286, constitutes unassigned fund balance. The remainder of fund balance is nonspendable of \$2,779,314, restricted of \$2,124,368,964, or assigned of \$262,027,004, which are not available for new spending.

Major Governmental Funds

The General Fund is the District's chief operating fund. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$132,604,286, while the total fund balance was \$424,956,930. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures. Unassigned fund balance represents 7.3 percent of total General Fund expenditures, while total fund balance represents 23.4 percent of that same amount.

The fund balance of the District's General Fund decreased by \$25,803,170 during the current fiscal year. A key factor in this decrease was due to a one-time \$3,500 bonus paid to all employees.

The Special Revenue – Federal Education Stabilization Fund has total revenues and expenditures of \$260,760,048 each and the funding was mainly used for instruction and student support services. Because grant revenues are not recognized until expenditures are incurred, this fund generally does not accumulate a fund balance.

The Capital Projects – Capital Improvement Tax Fund, which is used to account for capital project activity funded from the nonvoted capital improvement tax, has a total fund balance of \$366,877,602, all of which is restricted for specific capital projects. The net increase in fund balance during the current year in this fund was \$38,571,020 and resulted primarily from funds being reserved for future planned expenditures. Of the total fund balance, \$140,049,326 has been encumbered for specific projects.

The Capital Projects – Other Capital Projects Fund, which is used to account for capital project activity funded sources such as certificates of participation, sales tax, and impact fees, has a total fund balance of \$1,450,725,789, all of which is restricted for specific capital projects. The net increase in fund balance during the current year in this fund was \$286,984,672 and resulted primarily from funds being reserved for specific capital projects. Of the total fund balance, \$26,568,511 has been encumbered for specific projects.

GENERAL FUND BUDGETARY HIGHLIGHTS

There was a change in budgeted local revenues between the original General Fund budget of \$877,979,870 and the final General Fund budget of \$891,592,370. There was no change in the General Fund budgeted appropriations.

General Fund actual revenues were less than budgeted revenues by \$33,574,903. General Fund actual expenditures were less than the budgeted appropriations by \$117,750,149, due to the delay of planned expenditures for several major initiatives.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The District's investment in capital assets as of June 30, 2022, is \$4,754,181,281 (net of accumulated depreciation). This investment in capital assets includes land; construction in progress; improvements other than buildings; buildings and fixed equipment; furniture, fixtures, and equipment; motor vehicles; and computer software. The total increase in the District's investment in capital assets (net of accumulated depreciation) for the current fiscal year was \$25,396,543 (0.5 percent).

Major capital asset events during the current fiscal year included the following:

- Rebuilding of Acceleration Academy East
- Rebuilding of Acceleration Academy West
- Rebuilding of Boone High School
- Rebuilding of Colonial High School 9th Grade Center
- Rebuilding of Discovery Middle School
- Construction of Horizon West High School
- Rebuilding of Jones High School
- Construction of Lake Buena Vista High School
- Rebuilding of Magnolia
- Rebuilding of Meadow Woods Middle School
- Rebuilding of Orlando Technical College
- Construction of Village Park Elementary School
- Rebuilding of West Orange High School
- Construction of Hamlin Middle School
- Construction of Hamlin Elementary School
- Construction of Kelly Park School
- Construction of Stonewyck Elementary School
- Construction of Panther Lake Elementary School
- Construction of Water Springs Middle School

- Rebuilding Glenridge Middle School
- Rebuilding of Gotha Middle School
- Rebuilding of Howard Middle School
- Rebuilding Lakeview Middle School
- Rebuilding of Orlando Tech West Campus
- Rebuilding of Wolf Lake Middle School
- Construction of 129-M-SE-2

| | Governmental Activities | |
|------------------------------------|--------------------------------|-------------------------|
| | June 30, 2022 | June 30, 2021 |
| Land | \$ 371,691,396 | \$ 369,879,802 |
| Improvements Other Than Buildings | 44,479,050 | 43,102,683 |
| Buildings and Fixed Equipment | 3,975,986,818 | 3,855,464,927 |
| Furniture, Fixtures, and Equipment | 46,497,830 | 57,016,572 |
| Motor Vehicles | 63,087,656 | 63,240,678 |
| Construction in Progress | 252,436,336 | 340,073,556 |
| Computer Software | 2,195 | 6,520 |
| Total Capital Assets | \$ 4,754,181,281 | \$ 4,728,784,738 |

Additional information on the District's capital assets can be found in Note II.D. to the financial statements.

Long-Term Debt

At the end of the current fiscal year, the District had total long-term debt outstanding of \$1,034,415,545, none of which is considered to be general "bonded debt" (i.e., backed by the full faith and credit of the District). The District's debt consisted of certificates of participation payable which are secured by the underlying assets.

Summary of Outstanding Debt

| | Governmental Activities | |
|---------------------------------------|--------------------------------|-------------------------|
| | June 30, 2022 | June 30, 2021 |
| Certificates of Participation Payable | \$ 1,034,451,545 | \$ 1,078,656,204 |
| State School Bonds Payable | - | 243,000 |
| Total Debt | \$ 1,034,451,545 | \$ 1,078,899,204 |

During the current fiscal year, the District's total long-term debt decreased by \$44,447,659 (4.1 percent).

The District's Moody's rating for its certificates of participation remained the same "Aa2" rating. Fitch's rating remained the same "AA" rating. The S&P rating remained the same "AA" rating.

Additional information on the District's long-term debt can be found in Note II.I. to the financial statements.

OTHER MATTERS OF SIGNIFICANCE

The following factors were considered in preparing the District's budget for the 2023 fiscal year:

- The unemployment rate in June 2022 for the District (Orlando, Florida) was 3.2 percent, a decrease of 2.8 percent from the prior year rate of 6 percent due to the continued recovery from the COVID-19 pandemic. The State's average unemployment rates, as of June 2022, was 2.8 percent. Florida's unemployment rate has decreased 2.2 percent since last year while the nation's rate decreased 2.3 percent during the same time period, from 5.9 percent to 3.6 percent.
- The final enrollment for the 2021-2022 fiscal year was 210,303, an increase of 9,452 students. The District is forecasting growth of 4,251 students in the 2022-23 fiscal year.
- The District pays \$928.86 per month for health insurance for each full-time benefited employee. For the 2021-22 plan year, that equates to \$9,289.
- The District will continue to provide devices to students for its one-to-one digital curriculum initiative and has budgeted funds to build infrastructure and provide devices for all students.
- Unassigned fund balance in the General Fund at June 30, 2022, was \$132,604,286. The District has assigned \$250,984,562. Of this amount, \$202,288,704 was assigned for Encumbrances and Budget Appropriations, which are included in the 2023 fiscal year budget. The remainder, \$48,695,858 for the Other Postemployment Benefits (OPEB), is a long-term liability and as such is not included in the 2022-2023 fiscal year budget.

Although current estimates indicate that no subsequent reductions will be required, the historical experience, where adjustments were made in prior years, causes some concern regarding the consistency of State funding for the current year. The District has therefore been proactive and set aside adequate reserves to deal with such a contingency should it materialize.

REQUESTS FOR INFORMATION

This report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning information provided in the MD&A or other required supplementary information, and financial statements and notes thereto, or requests for additional financial information should be addressed to the Chief Financial Officer, Orange County Public Schools, 445 W. Amelia Street, Orlando, Florida 32801.

BASIC FINANCIAL STATEMENTS

Orange County District School Board Statement of Net Position June 30, 2022

| | <u>Primary Government</u> | <u>Component Units</u> |
|--|------------------------------------|--|
| | <u>Governmental Activities</u> | <u>Charter Schools/ Educational Foundation</u> |
| ASSETS | | |
| Cash and Cash Equivalents | \$ 502,471,928 | \$ 37,982,308 |
| Investments | 2,097,815,955 | 13,940,620 |
| Restricted Investments | 54,267,013 | - |
| Accounts Receivable | 1,259,288 | 560,437 |
| Interest Receivable | 745,848 | 5,182 |
| Due from Other Agencies | 187,912,738 | 13,713,397 |
| Deposits Receivable | 117,185 | 128,774 |
| Inventories | 5,255,942 | - |
| Prepaid Items | - | 1,894,449 |
| Capital Assets: | | |
| Nondepreciable Capital Assets | 624,127,732 | 13,189,948 |
| Depreciable Capital Assets, Net | 4,130,053,549 | 188,608,007 |
| TOTAL ASSETS | 7,604,027,178 | 270,023,122 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Pensions | 357,287,083 | 6,321,753 |
| OPEB | 16,623,314 | - |
| Accumulated Decrease in Fair Value of Hedging | | |
| Derivatives | 226,136 | - |
| Net Carrying Amount of Debt Refunding | 55,522,548 | - |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 429,659,081 | 6,321,753 |
| LIABILITIES | | |
| Accrued Salaries and Benefits | 23,637,049 | 3,255,931 |
| Payroll Deductions and Withholdings | 365,913 | - |
| Accounts Payable | 68,339,744 | 7,197,180 |
| Sales Tax Payable | 25,748 | - |
| Construction Contracts Payable | 10,725,867 | - |
| Construction Contracts Payable - Retained Percentage | 6,583,317 | - |
| Due to Other Agencies | 3,128,037 | 1,810,217 |
| Accrued Interest Payable | 13,547,897 | 170,912 |
| Unearned Revenue | 57,914,032 | 41,092 |
| Estimated Liability for Self-Insurance Program | 19,000,000 | - |
| Long-Term Liabilities: | | |
| Portion Due Within 1 Year | 82,885,775 | 6,204,995 |
| Portion Due After 1 Year | 1,699,543,309 | 225,680,866 |
| TOTAL LIABILITIES | 1,985,696,688 | 244,361,193 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Pensions | 652,881,931 | 4,943,941 |
| OPEB | 15,433,314 | - |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 668,315,245 | 4,943,941 |
| NET POSITION | | |
| Net Investment in Capital Assets | 3,757,943,100 | 2,297,081 |
| Restricted for: | | |
| State Required Carryover Programs | 7,321,745 | - |
| Debt Service | 134,273,355 | - |
| Capital Projects | 1,856,126,443 | 374,625 |
| Food Service | 81,997,948 | - |
| Student Activities | 17,034,209 | - |
| Other Purposes | 31,376,551 | 3,970,766 |
| Unrestricted | (506,399,025) | 20,397,269 |
| TOTAL NET POSITION | \$ 5,379,674,326 | \$ 27,039,741 |

The accompanying notes to financial statements are an integral part of this statement.

**Orange County District School Board
Statement of Activities
For the Fiscal Year Ended June 30, 2022**

| Functions/Programs | Program Revenues | | | |
|---|-------------------------|----------------------------|--|--|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government | | | | |
| Governmental Activities: | | | | |
| Instruction | \$ 1,349,254,533 | \$ 3,625,699 | \$ - | \$ - |
| Student Support Services | 103,165,984 | - | - | - |
| Instructional Media Services | 18,330,673 | - | - | - |
| Instruction and Curriculum Development Services | 87,327,912 | - | - | - |
| Instructional Staff Training Services | 45,952,210 | - | - | - |
| Instruction-Related Technology | 12,095,876 | - | - | - |
| Board | 4,498,327 | - | - | - |
| General Administration | 23,561,795 | - | - | - |
| School Administration | 116,990,451 | - | - | - |
| Facilities Acquisition and Construction | 43,464,624 | - | - | 102,072,295 |
| Fiscal Services | 7,280,070 | - | - | - |
| Food Services | 130,553,103 | 1,268,010 | 152,842,730 | - |
| Central Services | 42,216,062 | - | - | - |
| Student Transportation Services | 87,592,777 | 421,360 | - | - |
| Operation of Plant | 160,266,710 | - | - | - |
| Maintenance of Plant | 35,665,543 | - | - | - |
| Administrative Technology Services | 33,049,412 | - | - | - |
| Community Services | 43,595,411 | 6,818,035 | - | - |
| Unallocated Interest on Long-Term Debt | 28,497,539 | - | - | 297,727 |
| Unallocated Depreciation Expense* | 155,308,835 | - | - | - |
| Total Primary Government | \$ 2,528,667,847 | \$ 12,133,104 | \$ 152,842,730 | \$ 102,370,022 |
| Component Units | | | | |
| Charter Schools/Educational Foundation | \$ 166,187,064 | \$ 1,384,479 | \$ 17,258,769 | \$ 6,287,626 |

General Revenues:

Taxes:

Property Taxes, Levied for Operational Purposes

Property Taxes, Levied for Capital Projects

Local Sales Taxes

Grants and Contributions Not Restricted to Specific Programs

Unrestricted Investment Earnings (Loss)

Miscellaneous

Total General Revenues

Change in Net Position

Net Position - Beginning

Adjustment to Beginning Net Position

Net Position - Beginning, Restated

Net Position - Ending

* This amount excludes the depreciation that is included in the direct expenses of the various functions.

The accompanying notes to financial statements are an integral part of this statement.

**Net (Expense) Revenue and Changes
in Net Position**

| Primary Government | | Component Units | |
|------------------------------------|------------------------|--|--------------------|
| Governmental Activities | | Charter Schools/ Educational Foundation | |
| \$ | (1,345,628,834) | \$ | - |
| | (103,165,984) | | - |
| | (18,330,673) | | - |
| | (87,327,912) | | - |
| | (45,952,210) | | - |
| | (12,095,876) | | - |
| | (4,498,327) | | - |
| | (23,561,795) | | - |
| | (116,990,451) | | - |
| | 58,607,671 | | - |
| | (7,280,070) | | - |
| | 23,557,637 | | - |
| | (42,216,062) | | - |
| | (87,171,417) | | - |
| | (160,266,710) | | - |
| | (35,665,543) | | - |
| | (33,049,412) | | - |
| | (36,777,376) | | - |
| | (28,199,812) | | - |
| | (155,308,835) | | - |
| | <u>(2,261,321,991)</u> | | <u>-</u> |
| | - | | (141,256,190) |
| | 852,377,250 | | - |
| | 244,269,277 | | - |
| | 332,412,105 | | - |
| | 1,318,091,725 | | 135,457,122 |
| | (17,448,391) | | 630,377 |
| | 80,245,022 | | 1,800,330 |
| | <u>2,809,946,988</u> | | <u>137,887,829</u> |
| | 548,624,997 | | (3,368,361) |
| | 4,831,049,329 | | 30,839,930 |
| | - | | (431,828) |
| | <u>4,831,049,329</u> | | <u>30,408,102</u> |
| \$ | <u>5,379,674,326</u> | \$ | <u>27,039,741</u> |

**Orange County District School Board
Balance Sheet – Governmental Funds
June 30, 2022**

| | <u>General Fund</u> | <u>Special Revenue - Federal Education Stabilization Fund</u> | <u>Capital Projects - Capital Improvement Tax Fund</u> |
|--|-------------------------|---|--|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 128,554,197 | \$ 328,159 | \$ 86,169,596 |
| Investments | 259,670,285 | 1,522,559 | 289,517,817 |
| Restricted Investments | - | - | - |
| Accounts Receivable | 746,578 | - | - |
| Interest Receivable | 94,528 | - | - |
| Due from Other Funds | 72,737,962 | - | - |
| Due from Other Agencies | 15,878,318 | 84,526,535 | 3,732,778 |
| Inventories | 2,669,786 | - | - |
| TOTAL ASSETS | <u>\$ 480,351,654</u> | <u>\$ 86,377,253</u> | <u>\$ 379,420,191</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accrued Salaries and Benefits | \$ 23,636,829 | \$ - | \$ - |
| Payroll Deductions and Withholdings | 365,913 | - | - |
| Accounts Payable | 28,750,370 | 19,476,936 | 6,223,122 |
| Sales Tax Payable | 25,748 | - | - |
| Construction Contracts Payable | - | - | 3,050,310 |
| Construction Contracts Payable - Retained Percentage | - | - | 3,269,157 |
| Due to Other Funds | - | 65,099,346 | - |
| Due to Other Agencies | 2,615,864 | 390,801 | - |
| Unearned Revenue | - | 1,410,170 | - |
| Total Liabilities | <u>55,394,724</u> | <u>86,377,253</u> | <u>12,542,589</u> |
| Deferred Inflows of Resources: | | | |
| Unavailable Revenue - State Capital Outlay | - | - | - |
| Fund Balances: | | | |
| Nonspendable | 2,669,786 | - | - |
| Spendable: | | | |
| Restricted | 38,698,296 | - | 366,877,602 |
| Assigned | 250,984,562 | - | - |
| Unassigned | 132,604,286 | - | - |
| Total Fund Balances | <u>424,956,930</u> | <u>-</u> | <u>366,877,602</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | <u>\$ 480,351,654</u> | <u>\$ 86,377,253</u> | <u>\$ 379,420,191</u> |

The accompanying notes to financial statements are an integral part of this statement.

| Capital Projects - Other Capital Projects Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|
| \$ 187,117,719 | \$ 48,451,612 | \$ 450,621,283 |
| 1,220,151,694 | 169,702,301 | 1,940,564,656 |
| - | 50,289,000 | 50,289,000 |
| - | 97,022 | 843,600 |
| 268,935 | 382,385 | 745,848 |
| - | - | 72,737,962 |
| 63,553,915 | 20,221,192 | 187,912,738 |
| - | 2,570,720 | 5,240,506 |
| <u>\$ 1,471,092,263</u> | <u>\$ 291,714,232</u> | <u>\$ 2,708,955,593</u> |

| | | |
|-------------------------|-----------------------|-------------------------|
| \$ - | \$ 220 | \$ 23,637,049 |
| - | - | 365,913 |
| 6,306,833 | 3,611,908 | 64,369,169 |
| - | - | 25,748 |
| 7,675,557 | - | 10,725,867 |
| 3,314,160 | - | 6,583,317 |
| - | 7,638,616 | 72,737,962 |
| - | 121,372 | 3,128,037 |
| - | 1,122,869 | 2,533,039 |
| <u>17,296,550</u> | <u>12,494,985</u> | <u>184,106,101</u> |
| <u>3,069,924</u> | <u>-</u> | <u>3,069,924</u> |
| - | 109,528 | 2,779,314 |
| 1,450,725,789 | 268,067,277 | 2,124,368,964 |
| - | 11,042,442 | 262,027,004 |
| - | - | 132,604,286 |
| <u>1,450,725,789</u> | <u>279,219,247</u> | <u>2,521,779,568</u> |
| <u>\$ 1,471,092,263</u> | <u>\$ 291,714,232</u> | <u>\$ 2,708,955,593</u> |

**Orange County District School Board
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2022**

Total Fund Balances - Governmental Funds \$ 2,521,779,568

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.

| | | |
|---------------------------------|----------------|---------------|
| Nondepreciable Capital Assets | \$ 624,127,732 | |
| Depreciable Capital Assets, Net | 4,130,053,549 | 4,754,181,281 |

Deferred outflow of resources are reported as a result of changes in fair value of hedging derivative instruments in the statement of net position. 226,136

Deferred charges on bond refundings are not expensed in the government-wide statements, but are reported as deferred outflows of resources and amortized over the life of the debt. 55,522,548

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position, net of capital assets. 120,813,809

Interest on long-term debt is accrued as a liability in the government-wide statements, but not recognized in the governmental funds until due, except for accrued interest received as part of a debt issue. (13,547,897)

Earned revenues not received within the availability period are reported as unavailable revenues in the governmental funds, but are recorded as revenue in the government-wide statements. 3,069,924

The deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits (OPEB) are applicable to future periods and, therefore, are not reported in the governmental funds.

| | | |
|---------------------------------------|----------------|---------------|
| Deferred Outflows Related to Pensions | \$ 357,287,083 | |
| Deferred Outflows Related to OPEB | 16,623,314 | |
| Deferred Inflows Related to Pensions | (652,881,931) | |
| Deferred Inflows Related to OPEB | (15,433,314) | (294,404,848) |

Long-term liabilities are not due and payable in the fiscal year and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:

| | | |
|---------------------------------------|--------------------|-----------------|
| Certificates of Participation Payable | \$ (1,034,451,545) | |
| Compensated Absences Payable | (125,284,035) | |
| Total OPEB Liability | (48,695,858) | |
| Net Pension Liability | (559,308,621) | |
| Derivative Instruments | (226,136) | (1,767,966,195) |

Net Position - Governmental Activities **\$ 5,379,674,326**

The accompanying notes to financial statements are an integral part of this statement.

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**Orange County District School Board
Statement of Revenues, Expenditures, and Changes in
Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2022**

| | <u>General Fund</u> | <u>Special Revenue - Federal Education Stabilization Fund</u> | <u>Capital Projects - Capital Improvement Tax Fund</u> |
|--|-------------------------|---|--|
| Revenues | | | |
| Intergovernmental: | | | |
| Federal Direct | \$ 1,429,179 | \$ - | \$ - |
| Federal Through State and Local | 6,270,842 | 260,760,048 | - |
| State | 887,805,498 | - | - |
| Local: | | | |
| Property Taxes | 852,377,250 | - | 244,269,277 |
| Local Sales Taxes | - | - | - |
| Impact Fees | - | - | - |
| Charges for Services - Food Service | - | - | - |
| Miscellaneous | 44,804,677 | - | 638,403 |
| Total Local Revenues | <u>897,181,927</u> | <u>-</u> | <u>244,907,680</u> |
| Total Revenues | <u>1,792,687,446</u> | <u>260,760,048</u> | <u>244,907,680</u> |
| Expenditures | | | |
| Current - Education: | | | |
| Instruction | 1,157,296,721 | 179,939,770 | - |
| Student Support Services | 76,483,645 | 16,269,672 | - |
| Instructional Media Services | 18,033,612 | 580,882 | - |
| Instruction and Curriculum Development Services | 59,068,766 | 6,576,522 | - |
| Instructional Staff Training Services | 26,194,832 | 4,798,965 | - |
| Instruction-Related Technology | 12,160,841 | 231,138 | - |
| Board | 4,663,577 | 26,095 | - |
| General Administration | 8,684,136 | 9,016,451 | - |
| School Administration | 118,417,475 | 4,190,728 | - |
| Facilities Acquisition and Construction | 6,454,151 | 59,556 | 10,712,214 |
| Fiscal Services | 7,200,414 | 296,803 | - |
| Food Services | 6,730,998 | 1,183,997 | - |
| Central Services | 25,179,740 | 18,009,006 | - |
| Student Transportation Services | 66,865,527 | 5,383,299 | - |
| Operation of Plant | 157,871,500 | 5,400,212 | - |
| Maintenance of Plant | 33,471,744 | 2,448,474 | - |
| Administrative Technology Services | 30,190,577 | 3,397,653 | - |
| Community Services | 944,968 | 457,663 | - |
| Fixed Capital Outlay: | | | |
| Facilities Acquisition and Construction | 456,483 | 16,740 | 81,612,239 |
| Other Capital Outlay | 3,438,081 | 2,476,422 | - |
| Debt Service: | | | |
| Principal | - | - | - |
| Interest and Fiscal Charges | - | - | - |
| Total Expenditures | <u>1,819,807,788</u> | <u>260,760,048</u> | <u>92,324,453</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(27,120,342)</u> | <u>-</u> | <u>152,583,227</u> |
| Other Financing Sources (Uses) | | | |
| Transfers In | 34,620,746 | - | - |
| Refunding Certificates of Participation | - | - | - |
| Payments to Refunding Escrow Agent | - | - | - |
| Sale of Capital Assets | 1,844,384 | - | - |
| Loss Recoveries | 27,068 | - | - |
| Transfers Out | (35,175,026) | - | (114,012,207) |
| Total Other Financing Sources (Uses) | <u>1,317,172</u> | <u>-</u> | <u>(114,012,207)</u> |
| Net Change in Fund Balances | <u>(25,803,170)</u> | <u>-</u> | <u>38,571,020</u> |
| Fund Balances, Beginning | 450,760,100 | - | 328,306,582 |
| Fund Balances, Ending | <u>\$ 424,956,930</u> | <u>\$ -</u> | <u>\$ 366,877,602</u> |

The accompanying notes to financial statements are an integral part of this statement.

| Capital Projects - Other Capital Projects Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|
| \$ - | \$ 4,897,447 | \$ 6,326,626 |
| - | 296,026,588 | 563,057,478 |
| 3,423,042 | 17,957,507 | 909,186,047 |
| - | - | 1,096,646,527 |
| 332,412,105 | - | 332,412,105 |
| 94,325,395 | - | 94,325,395 |
| - | 1,267,226 | 1,267,226 |
| (13,122,860) | 41,893,089 | 74,213,309 |
| <u>413,614,640</u> | <u>43,160,315</u> | <u>1,598,864,562</u> |
| <u>417,037,682</u> | <u>362,041,857</u> | <u>3,077,434,713</u> |
| - | 67,857,647 | 1,405,094,138 |
| - | 15,694,201 | 108,447,518 |
| - | 684,570 | 19,299,064 |
| - | 26,675,723 | 92,321,011 |
| - | 17,294,811 | 48,288,608 |
| - | 365,062 | 12,757,041 |
| - | - | 4,689,672 |
| - | 6,317,370 | 24,017,957 |
| - | 620,225 | 123,228,428 |
| 24,741,586 | 248,941 | 42,216,448 |
| - | 168,592 | 7,665,809 |
| - | 125,433,615 | 133,348,610 |
| - | 135,642 | 43,324,388 |
| - | 6,376,280 | 78,625,106 |
| - | 236,880 | 163,508,592 |
| - | 3,579 | 35,923,797 |
| - | - | 33,588,230 |
| - | 42,315,673 | 43,718,304 |
| 105,853,934 | 1,226,999 | 189,166,395 |
| - | 2,389,620 | 8,304,123 |
| - | 48,032,149 | 48,032,149 |
| - | 32,551,769 | 32,551,769 |
| <u>130,595,520</u> | <u>394,629,348</u> | <u>2,698,117,157</u> |
| <u>286,442,162</u> | <u>(32,587,491)</u> | <u>379,317,556</u> |
| - | 88,102,916 | 122,723,662 |
| - | 239,785,000 | 239,785,000 |
| - | (244,024,684) | (244,024,684) |
| 542,510 | - | 2,386,894 |
| - | - | 27,068 |
| - | (8,711,455) | (157,898,688) |
| <u>542,510</u> | <u>75,151,777</u> | <u>(37,000,748)</u> |
| 286,984,672 | 42,564,286 | 342,316,808 |
| 1,163,741,117 | 236,654,961 | 2,179,462,760 |
| <u>\$ 1,450,725,789</u> | <u>\$ 279,219,247</u> | <u>\$ 2,521,779,568</u> |

Orange County District School Board
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,
and Changes in Fund Balances to the Statement of Activities
For the Fiscal Year Ended June 30, 2022

Net Change in Fund Balances - Governmental Funds \$ 342,316,808

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlays in excess of net loss on sale and depreciation expense in the current fiscal year.

| | | |
|--|----------------------|------------|
| Capital Outlay net of amount not capitalized | \$ 197,470,517 | |
| Net Loss on Sale | (3,980,495) | |
| Depreciation Expense | <u>(168,093,479)</u> | 25,396,543 |

Proceeds of refunding debt are reported as other financing sources in the governmental funds, while payments to the escrow agent for advance-refunding of outstanding debt are shown as other financing uses. Government-wide statements are affected only to the extent these amounts differ.

| | | |
|-------------------------------|--------------------|-----------|
| Certificates of Participation | \$ (239,785,000) | |
| Payments to Bond Escrow Agent | <u>244,024,684</u> | 4,239,684 |

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

48,032,149

Deferred charges associated with long-term debt issued in a prior period are reported in the statement of activities, but are not a current financial resource and, therefore, are not reported in the governmental funds. This is the net decrease in deferred charges during the current period.

(6,927,367)

Premiums and discounts on debt issued are reported in the governmental funds in the year the debt is issued, but are deferred and amortized over the life of the debt in the statement of activities.

9,054,793

Interest on long-term debt is recognized in the governmental funds when due, but is recognized as interest accrues in the statement of activities.

1,926,804

In the governmental funds, revenues cannot be recognized until they are available to pay liabilities of the current period. In the statement of activities, revenue is recognized as soon as it is earned regardless of its availability. This is the effect of timing differences between the two methods of revenue recognition.

(386,483)

In the statement of activities, the cost of compensated absences is measured by the amounts earned during the year, while in the governmental funds, expenditures are recognized based on the amounts actually paid for compensated absences. This is the net amount of compensated absences paid in excess of the amount earned in the current fiscal year.

7,277,267

Governmental funds report District OPEB contributions as expenditures. However, in the statement of activities, the cost of OPEB benefits earned net of employee contributions, as determined through an actuarial valuation, is reported as an OPEB expense.

| | | |
|---|--------------------|---------|
| Decrease in Total OPEB Liability | \$ 8,732,119 | |
| (Decrease) in Deferred Outflows of Resources - OPEB | (1,376,166) | |
| (Increase) in Deferred Inflows of Resources - OPEB | <u>(6,440,781)</u> | 915,172 |

Governmental funds report District pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as a pension expense.

| | | |
|--------------------------|---------------------|------------|
| FRS Pension Contribution | \$ 103,025,247 | |
| HIS Pension Contribution | 19,296,022 | |
| FRS Pension Expense | (4,044,383) | |
| HIS Pension Expense | <u>(28,256,963)</u> | 90,019,923 |

Internal service funds are used by management to charge the cost of certain activities, such as insurance, to individual funds. The net revenue of internal service funds is reported with governmental activities, excluding depreciation expense reported above.

26,759,704

Change in Net Position - Governmental Activities **\$ 548,624,997**

The accompanying notes to financial statements are an integral part of this statement.

**Orange County District School Board
Statement of Net Position – Proprietary Funds
June 30, 2022**

| | Governmental Activities - Internal Service Funds |
|--|---|
| | |
| ASSETS | |
| Current Assets: | |
| Cash and Cash Equivalents | \$ 51,850,645 |
| Investments | 157,251,299 |
| Restricted Investments | 3,978,013 |
| Accounts Receivable | 415,688 |
| Deposits Receivable | 117,185 |
| Inventories | 15,436 |
| | 213,628,266 |
| Noncurrent Assets: | |
| Furniture, Fixtures, and Equipment | 104,707 |
| Less Accumulated Depreciation | (66,251) |
| | 38,456 |
| | 213,666,722 |
| LIABILITIES | |
| Current Liabilities: | |
| Accounts Payable | 3,970,575 |
| Unearned Revenue | 55,380,993 |
| Estimated Liability for Self-Insurance Program | 22,523,638 |
| | 81,875,206 |
| Noncurrent Liabilities: | |
| Estimated Liability for Long-Term Claims | 10,939,251 |
| | 10,939,251 |
| | 92,814,457 |
| NET POSITION | |
| Investment in Capital Assets | 38,456 |
| Restricted for Claim Payments | 3,978,013 |
| Unrestricted | 116,835,796 |
| | \$ 120,852,265 |

The accompanying notes to financial statements are an integral part of this statement.

**Orange County District School Board
Statement of Revenues, Expenses, and Changes in Fund
Net Position – Proprietary Funds
For the Fiscal Year Ended June 30, 2022**

| | Governmental Activities - Internal Service Funds |
|------------------------------------|---|
| | |
| OPERATING REVENUES | |
| Charges for Services | \$ 3,804,695 |
| Premiums | 236,906,801 |
| Other | 79,220 |
| | |
| Total Operating Revenues | 240,790,716 |
| OPERATING EXPENSES | |
| Salaries | 765,342 |
| Employee Benefits | 425,160 |
| Purchased Services | 12,625,548 |
| Energy Services | 42,600 |
| Materials and Supplies | 167,011 |
| Capital Outlay | 3,564 |
| Other | 234,844,533 |
| Depreciation | 8,712 |
| | |
| Total Operating Expenses | 248,882,470 |
| Operating Loss | (8,091,754) |
| NONOPERATING REVENUES | |
| Investment Loss | (324,990) |
| | |
| Loss Before Transfers | (8,416,744) |
| Transfers In | 35,175,026 |
| | |
| Change in Net Position | 26,758,282 |
| Total Net Position - Beginning | 94,093,983 |
| | |
| Total Net Position - Ending | \$ 120,852,265 |

The accompanying notes to financial statements are an integral part of this statement.

**Orange County District School Board
Statement of Cash Flows – Proprietary Funds
For the Fiscal Year Ended June 30, 2022**

| | Governmental Activities - Internal Service Funds |
|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Cash Received from Services | \$ 245,908,758 |
| Cash Payments for Insurance Claims | (232,984,696) |
| Cash Payments to Suppliers for Goods and Services | (14,035,966) |
| Cash Payments to Employees for Services | (1,190,502) |
| Other Receipts | 79,220 |
| Net Cash Used by Operating Activities | <u>(2,223,186)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | |
| Transfer from Other Funds | <u>35,175,026</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Acquisition and Construction of Capital Assets | <u>(7,290)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Purchase of Investments | (22,621,567) |
| Interest Income | 244,613 |
| Net Cash Used by Investing Activities | <u>(22,376,954)</u> |
| Net Increase in Cash and Cash Equivalents | 10,567,596 |
| Cash and Cash Equivalents, Beginning | <u>41,283,049</u> |
| Cash and Cash Equivalents, Ending | <u>\$ 51,850,645</u> |
| Reconciliation of Operating Loss to Net Cash Used by Operating Activities: | |
| Operating Loss | <u>\$ (8,091,754)</u> |
| Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities: | |
| Depreciation | 8,712 |
| Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources: | |
| Accounts Receivable | 5,127,262 |
| Deposits Receivable | 70,000 |
| Inventories | (2,397) |
| Accounts Payable | 573,291 |
| Unearned Revenue | (1,768,137) |
| Estimated Liability for Self-Insurance Program | <u>1,859,837</u> |
| Total Adjustments | <u>5,868,568</u> |
| Net Cash Used by Operating Activities | <u>\$ (2,223,186)</u> |
| Noncash Investing, Capital, and Financing Activities | |
| Net Decrease in Fair Value of Investments | <u>\$ (242,394)</u> |

The accompanying notes to financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Orange County District School Board (Board) has direct responsibility for operation, control, and supervision of District schools and is considered a primary government for financial reporting. The District School Board of Orange County, Florida (District) is considered part of the Florida system of public education, operates under the general direction of the Florida Department of Education (FDOE), and is governed by State law and State Board of Education (SBE) rules. The governing body of the District is the Board which is composed of eight elected members, seven board members elected by district, and one Board Chairman elected at large. The appointed Superintendent of Schools is the executive officer of the Board. Geographic boundaries of the District correspond with those of Orange County.

Criteria for determining if other entities are potential component units that should be reported within the District's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provides for identification of any legally separate entities for which the Board is financially accountable and other organizations for which the nature and significance of their relationship with the Board are such that exclusion would cause the District's basic financial statements to be misleading or incomplete.

As required by accounting principles generally accepted in the United States (GAAP), these basic financial statements present the District (the primary government) and its component units. The component units discussed below are included in the District's reporting entity because of the significance of their operational or financial relationships with the District.

Blended Component Units. The District's employee group health and life insurance program, described in a subsequent note, is administered through the School Board of Orange County Employee Benefits Trust (Trust). Assets necessary to fund the program are transferred to the Trust; however, under the terms of the Trust Agreement, the School Board retains control of the assets. Due to the substantive economic relationship between the District and the Trust, the financial activities of the Trust are reported in the accompanying basic financial statements as an internal service fund.

The Orange County School Board Leasing Corporation (Leasing Corporation) was formed to facilitate financing for the acquisition of facilities and equipment as further discussed in a subsequent note. The Board of Directors of the Leasing Corporation are members of the Board who elect to serve as ex-officio Directors. Due to the substantive economic relationship between the District and the Leasing Corporation, the financial activities of the Leasing Corporation are included in the accompanying basic financial statements as part of debt service and capital projects funds. Separate financial statements for the Leasing Corporation are not published.

Discretely Presented Component Units. The component units columns in the government-wide financial statements include the financial data of the District's other component units. The Foundation

for Orange County Public Schools, Inc. (the Foundation) is a separate not-for-profit corporation organized and operated as a direct-support organization under Section 1001.453, Florida Statutes, to raise funds; receive, hold, invest, and administer property and to make expenditures for the benefit of the District. Section 1001.453, Florida Statutes, requires the Foundation to be authorized and approved by the District. The stated mission of the Foundation is to identify, develop and focus community resources to make a meaningful impact on the success of students and teachers of Orange County Public Schools. Because of the nature and significance of its relationship with the District, the Foundation is considered a component unit.

Charter schools included in the financial statements consist of the following for the year ended June 30, 2022: Access Charter School, Inc.; Sunshine High School – Central Orange County Campus, Inc. (d/b/a Aloma High School); Aspire Charter Academy; BridgePrep Academy of Orange County; Central Florida Leadership Academy Charter School; Sunshine High School – Orlando Campus, Inc. (d/b/a Chancery Charter High School); Sunshine High School – Greater Orlando Campus, Inc. (d/b/a Econ River Charter High School); Hope Charter School, Inc.; Innovations Middle Charter School; Innovation Montessori Ocoee High School, Inc.; Innovation Montessori Ocoee, Inc.; Lake Eola Charter School, Inc.; Legacy High School, Inc.; Legends Academy; Eagles’ Nest Community Charter Schools, Inc. (d/b/a Lucious and Emma Nixon Academy); Orange County Preparatory Academy; Orlando Science Elementary Charter School, Inc.; Orlando Science Middle/High Charter School, Inc.; The Passport Charter School, Inc.; Pinecrest Collegiate Academy; Pinecrest Creek Academy; Pinecrest Preparatory Charter School (Orlando Campus); Pinecrest Academy Avalon; Princeton House Charter School, Inc.; Prosperitas Leadership Academy, Inc.; Renaissance Charter School at Chickasaw Trail; Renaissance Charter School at Crown Point; Renaissance Charter School at Goldenrod; Renaissance Charter School at Hunter’s Creek; Sunshine High School – Orange County Campus, Inc. (d/b/a Sheeler Charter High School); Sunshine High School – Greater Orlando Campus, Inc. (d/b/a Sunshine Charter High School); United Cerebral Palsy (UCP) Bailes Charter School; UCP Downtown Charter School; UCP East Orange Charter School; UCP Pine Hills Charter School; UCP Transitional Learning Academy Charter School; UCP West Orange Charter School; and Workforce Advantage Academy Charter High School. Inc. (Charter Schools) are separate not-for-profit corporations organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 1002.33, Florida Statutes. These charter schools operate under charters approved by their sponsor, the Orange County District School Board.

In accordance with the Florida Department of Education (FDOE) requirements, the charter schools are included as component units of the District. According to the FDOE, the charter schools are fiscally dependent on the District for their tax levy and the majority of their funding, which creates a financial burden to the District because the charter schools’ full-time equivalent (FTE) student enrollment is the basis for the District to provide funding to the charter schools. In addition, the charter schools are reported as component units because they are considered to be misleading to exclude and because of the District’s oversight responsibility.

The following charter schools are reported by the other governmental entities and are therefore not included in the District’s basic financial statements in accordance with generally accepted accounting principles: Oakland Avenue Charter School, Cornerstone Charter Academy, and Cornerstone

Charter High School. The charter schools are organized under the Town of Oakland (Oakland Avenue) and the City of Belle Isle (both Cornerstone Charter Schools).

Audits of the financial statements of the charter schools and of the Foundation for the fiscal year ended June 30, 2022, were conducted by independent certified public accountants whose audit reports are filed in the District's administrative offices at 445 West Amelia Street, Orlando, Florida 32801.

B. Basis of Presentation: Government-Wide Financial Statements

The government-wide financial statements are prepared under the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the government in its entirety. Governmental activities, which generally are supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which are generally supported by fees charged. The District currently does not have any business-type activities.

The Statement of Net Position includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the District. The Statement of Activities presents a comparison between the direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Depreciation expenses associated with the District's transportation and maintenance departments are allocated to the student transportation services and maintenance of plant functions, while remaining depreciation expenses are not readily associated with a particular function and are reported as unallocated.

Amounts reported as programs revenues include (1) charges for services provided to students for tuition, fees, rental, material, supplies, or other services, (2) operating grants and contributions, and (3) capital grants and contributions. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

The District eliminated from the Statement of Net Position and the Statement of Activities most interfund receivables and payables and transfers between funds as well as the transactions associated with its Internal Service Funds.

The District's Foundation and charter schools use the economic resources management focus and accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred. Thirty-five charter schools and the Foundation follow GASB standards of accounting and financial reporting. Six charter schools (UCP) follow FASB standards of accounting and financial reporting for not-for-profit organizations.

C. Basis of Presentation: Fund Financial Statements

The governmental fund financial statements are prepared 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 ad valorem taxes, reimbursable-type grants and interest on investments. The District considers revenues from ad valorem taxes as available if they are collected within 60 days after year-end. Expenditures are recorded when the fund liability is incurred. However, exceptions include unmatured principal and interest on general long-term debt, accumulated sick and vacation pay, other postemployment benefits liability, claims and judgments and certain prepaid items, which are recognized when due/paid.

In applying the "susceptible to accrual" concept to revenues from Federal and State sources, the legal contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of revenues. In one type, moneys must be expended for the specific purpose or project before the District will receive any amounts; therefore, revenues are recognized based upon the occurrence of the expenditure. In the other type, moneys are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed legal and contractual requirements. These resources are reflected as revenues at the time of receipt or earlier if the "susceptible to accrual" criteria are met. In all cases, moneys received before the revenue recognition criteria have been met are reported as unearned revenue.

The Proprietary Fund Financial Statements are prepared under the economic resources measurement focus and the accrual basis of accounting.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service funds are for self-insurance (property, casualty, liability, and workers' compensation), employee benefits (health and prescription), and printing provided to other funds. Operating expenses for the internal service funds include salaries, employee benefits, purchased services, energy services, materials and supplies, claims expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The fund financial statements provide information about the District's funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial

statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

- General Fund – to account for all financial resources not required to be accounted for in another fund and for certain revenues from the State that are legally restricted to be expended for specific current operating purposes. The General Fund is the District’s primary operating fund.
- Special Revenue – Federal Education Stabilization Fund – to account for certain Federal grant program resources provided as emergency relief to address the impact of COVID-19 on elementary and secondary schools.
- Capital Projects – Capital Improvement Tax Fund – to account for the financial resources generated by Section 1011.71(2), Florida Statutes, local capital improvement taxes (property taxes) and other local sources to be used for educational capital outlay needs, including new construction, renovation and remodeling projects, and debt service payments.
- Capital Projects – Other Capital Projects Fund – to account for the financial resources generated by certificates of participation, impact fees, lottery, sales tax, and other local sources to be used for educational capital outlay needs, including new construction, renovation and remodeling projects, and debt service payments.

Additionally, the District reports the following non-major fund types:

- Special Revenue Funds – to account for the financial resources of the school food service program, certain grant program resources, the extended day childcare program, the school internal accounts and other such restricted resources.
- Debt Service Funds – to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related debt issuance costs.
- Capital Projects Funds – to account for financial resources generated from allocations of State revenues that are to be used for educational capital outlay needs, including new construction, renovation and remodeling projects.
- Internal Service Funds – to account for the District’s limited self-insurance programs and printing services operations.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, and then unrestricted resources as they are needed.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The District’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term liquid investments with original maturities of 3 months or less from the date of

acquisition. Investments classified as cash equivalents include amounts placed in Money Market accounts.

Cash deposits are held by banks qualified as public depositories under Florida law. All deposits are insured by Federal depository insurance, up to specified limits, and/or collateralized with securities held in Florida's multiple financial institution collateral pool as required by Sections 280.07 and 280.08, Florida Statutes. For the Internal Service Funds, the statement of cash flows considers cash as those accounts used as demand deposit accounts.

Cash balances from all funds are combined and invested to the extent available. Earnings are allocated monthly to each fund based on a rolling 2-month average balance of cash and investments.

2. Investments and Restricted Investments

Investments consist of amounts placed with various intergovernmental investment pools which hold a majority of United States government securities, municipal securities, and repurchase agreements. The investment earnings are allocated to each based on a rolling two-month average investment balance in that fund. 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, Florida Surplus Asset Fund Trust (Florida Safe), municipal bonds, commercial paper, and United States instrumentality securities. 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. The District's investment in Florida PRIME, which the SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, are similar to money market funds in which shares are owned in the fund rather than the underlying investments.

Investments are valued at fair value, amortized cost, or net asset value. The types and amounts of investments held at fiscal year-end are described in a subsequent note on investments.

Restricted investments consist of \$50,289,000 restricted for the repayment of certificates of participation principal and interest, and \$3,978,013 pledged to cover certain workers compensation claims.

3. Inventories

Inventories consist of expendable supplies held for consumption in the course of District operations. Transportation, custodial, and school supply inventories are stated at cost on a weighted average basis. Food service inventories are stated at cost on the last invoice basis, which approximates the first-in, first-out basis, except that United States Department of Agriculture donated foods are stated at their fair value as determined at the time of donation to the District's food service program by the Florida Department of Agriculture and Consumer Services, Bureau of Food Distribution. The costs of inventories are recorded as expenditures when used rather than purchased.

4. Capital Assets

Expenditures for capital assets acquired or constructed for general District purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net position but are not reported in the governmental fund financial statements. Capital assets are defined by the District as those costing more than \$1,000 for furniture, fixtures, and equipment; motor vehicles; and computer software; and \$50,000 for improvements other than buildings; buildings and fixed equipment; and construction in progress and which have an estimated life of one or more years. All land purchases are capital assets regardless of cost. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the values of the assets or materially extend assets lives are not capitalized and are expensed as incurred. Interest costs incurred during construction of capital assets are not considered material and are not capitalized as part of the cost of construction.

Capital assets of the primary government, excluding land and construction in progress, are depreciated using the straight-line method over the following estimated useful lives:

| <u>Description</u> | <u>Estimated Useful Lives</u> |
|------------------------------------|-------------------------------|
| Improvements Other Than Buildings | 15 years |
| Buildings and Fixed Equipment | 40 years |
| Furniture, Fixtures, and Equipment | 5 - 15 years |
| Motor Vehicles | 5 - 10 years |
| Computer Software | 5 years |

Current year information relative to changes in capital assets is described in a subsequent note.

5. Pensions

In the government-wide statement of net position, liabilities are recognized for the District's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) defined benefit plan and additions to/deductions from the FRS and the HIS fiduciary net position have been determined on the same basis as they are reported by the FRS and the HIS plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The District's retirement plans and related amounts are described in a subsequent note.

6. Unearned Revenue

Unearned revenue consists primarily of health insurance premiums collected from employees during the fiscal year for the coverage period extending through the plan year-end of September 30.

7. Long-Term Liabilities

Long-term obligations that will be financed from resources to be received in the future by governmental funds are reported as liabilities in the government-wide statement of net position. Debt premiums and discounts, as well as deferred amounts on refunding, are deferred and amortized over the life of the debt using the effective interest method. Debt is reported net of the applicable bond premium or discount and deferred amounts on refunding.

In the governmental fund financial statements, bonds and other long-term obligations are not recognized as liabilities until due. Governmental fund types recognize debt premiums and discounts, as well as issuance costs and deferred amounts on refunding, during the current period. The face amount of debt issued is reported as other financing sources, while discounts on debt issuances and deferred amounts on refunding are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Changes in long-term liabilities for the current year are reported in a subsequent note.

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. The District has four items that qualify for reporting in this category. The deferred outflows of resources related to pensions, OPEB, and the fair value of derivative instruments are discussed in subsequent notes. A deferred amount on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position and the governmental funds balance sheet report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The deferred inflows of resources related to pensions and OPEB are reported on the statement of net position and discussed in subsequent notes. The remaining item, unavailable revenue, arises only under a modified accrual basis of accounting that qualifies for reporting in this category in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

9. Net Position Flow Assumption

The District occasionally funds outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. To calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. Consequently, it is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

10. Fund Balance Flow Assumptions

The District may fund outlays for a particular purpose from both restricted and unrestricted resources (the total of restricted, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when components of unrestricted fund balance can be used for the same purpose, assigned fund balance is depleted first, followed by unassigned fund balance.

11. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The Board does not have a policy regarding the commitment or assignment of fund balances; however, by resolution, the Board has given the ability to assign fund balance to the Superintendent and the Chief Financial Officer. The District does not have commitments imposed by formal action of its highest level of decision-making authority and, as such, the District does not report any committed fund balance.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes. The Board also assigns fund balance when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

F. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than program revenues. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues

identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

2. State Revenue Sources

Significant revenues from State sources for current operations include the Florida Education Finance Program administered by the FDOE under the provisions of Section 1011.62, Florida Statutes. In accordance with this law, the District determines and reports the number of full-time equivalent (FTE) students and related data to the FDOE. The FDOE performs certain edit checks on the reported number of FTE and related data and calculates the allocation of funds to the District. The District is permitted to amend its original reporting during specified time periods following the date of the original reporting. The FDOE may also adjust subsequent fiscal period allocations based upon an audit of the District's compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the fiscal year when the adjustments are made.

The State provides financial assistance to administer certain educational programs. SBE rules require that revenue earmarked for certain programs be expended only for the program for which the money is provided, and require that the money not expended as of the close of the fiscal year be carried forward into the following fiscal year to be expended for the same educational programs. The FDOE generally requires that these educational program revenues be accounted for in the General Fund. A portion of the fund balance of the General Fund is restricted in the governmental fund financial statements for the balance of categorical and earmarked educational program resources.

The State allocates gross receipts taxes, generally known as Public Education Capital Outlay money and School Hardening Grant program, to the District on an annual basis. The District is authorized to expend these funds only upon applying for and receiving an encumbrance authorization from the FDOE.

A schedule of revenue from State sources for the current year is presented in a subsequent note.

3. District Property Taxes

The Board is authorized by State law to levy property taxes for district school operations, capital improvements, and debt service. Property taxes consist of ad valorem taxes on real and personal property within the District. The Orange County Property Appraiser determines the real and personal property values within the District. The Orange County Tax Collector then collects the taxes and remits them to the District.

The Board adopted the 2021 tax levy on September 14, 2021. Property values are assessed as of January 1 each year. Tax bills are mailed in October and taxes are payable between November 1 of the year assessed and March 31 of the following year at discounts of up to 4 percent for early payment.

Taxes become a lien on the property on January 1 and are delinquent on April 1 of the year following the year of assessment. State law provides for enforcement of collection of personal property taxes by seizure of the property to satisfy unpaid taxes and for enforcement of collection

of real property taxes by the sale of interest-bearing tax certificates to satisfy unpaid taxes. The procedures result in the collection of essentially all taxes prior to June 30 of the year following the year of assessment.

Property tax revenues are recognized in the government-wide financial statements when the Board adopts the tax levy. Property tax revenues are recognized in the governmental fund financial statements when taxes are received by the District, except that revenue is accrued for taxes collected by the Orange County Tax Collector at fiscal year end but not yet remitted to the District. Because any delinquent taxes collected after June 30 would not be material, delinquent taxes receivable are not accrued and no delinquent tax revenue deferral is recorded.

Millages and taxes levied for the current year are presented in a subsequent note.

4. Federal Revenue Sources

The District receives Federal awards for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to, and approved by, various granting agencies. For Federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred. The FDOE may require adjustments to subsequent fiscal period expenditures and related revenues based upon an audit of the District's compliance with applicable Federal awards requirements. Normally, such adjustments are treated as reductions of expenditures and related revenues in the fiscal year when the adjustments are made.

5. Compensated Absences

In the government-wide financial statements, compensated absences (i.e., paid absences for employee vacation leave and sick leave) are accrued as liabilities to the extent that it is probable that the benefits will result in termination payments. A liability for these amounts is reported in the governmental fund financial statements only if it has matured, such as for occurrences of employee resignations and retirements. The liability for compensated absences includes salary-related benefits, where applicable.

G. 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.

II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash Deposits with Financial Institutions

Custodial Credit Risk. In the case of deposits, this is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District does not have

a policy for custodial credit risk. All bank balances of the District are fully insured or collateralized as required by Chapter 280, Florida Statutes.

B. Investments

Fair Value Measurement

The District categorizes its 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; and Level 3 inputs are significant unobservable inputs. The District's recurring fair value measurements are valued using quoted prices for similar assets or liabilities in active markets (Level 2 inputs).

| | Amount | Fair Value Measurements Using | | |
|---|-------------------------|--|---|---|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Investments by Fair Value Level | | | | |
| U.S. Government Agencies | \$ 430,615,236 | \$ - | \$ 430,615,236 | \$ - |
| Municipal Bonds | 15,407,471 | - | 15,407,471 | - |
| Total Investments by Fair Value Level | 446,022,707 | \$ - | \$ 446,022,707 | \$ - |
| Investments Measured at the Net Asset Value (NAV) | | | | |
| Florida Special Purpose Investment Account (SPIA) | 315,168,201 | | | |
| Florida Public Assets to Liquidity Management (TERM) | 290,000,000 | | | |
| Total Investments Measured at NAV | 605,168,201 | | | |
| Investments measured at Amortized Cost: | | | | |
| Florida PRIME | 634,637,614 | | | |
| Florida Public Assets to Liquidity Management (Portfolio) | 401,125,669 | | | |
| Florida Safe | 50,506,198 | | | |
| Money Market | 14,596,499 | | | |
| Commercial Paper | 26,080 | | | |
| Total Investments Measured at Amortized Cost | 1,100,892,060 | | | |
| Total Investments, Primary Government | \$ 2,152,082,968 | | | |

Certain investments are measured at fair value using the net asset value per share (or its equivalent) practical expedient or amortized cost, which approximates fair value. These amounts have not been classified in the fair value hierarchy. 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.

Interest Rate Risk

District policies limit the maturity of investments to a 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 District has \$446,022,707 in obligations of the United States Government Sponsored Agencies/Federal Instrumentalities and Municipal Bonds. These securities include embedded options to all the entire security of a portion thereof, at the option of the issuer, or depending on market conditions, the issuer may decide to leave the security intact, at the stated interest rate, until final maturity. These securities have various call dates with final maturity dates being January 2037.

| Investment | Fair Value | Investment Maturities Less Than | | | | |
|--|-------------------------|------------------------------------|---------------------|----------------------|-----------------------|-----------------------|
| | | 6 Months | 1 Year | 2 Years | 5 Years | After |
| Florida Special Purpose Investment Account (SPIA) | \$ 315,168,201 | \$ - | \$ - | \$ - | \$ 315,168,201 | \$ - |
| Florida PRIME | 634,637,614 | 634,637,614 | - | - | - | - |
| Florida Public Assets for Liquidity Management | 691,125,669 | 691,125,669 | - | - | - | - |
| Florida Safe | 50,506,198 | 50,506,198 | - | - | - | - |
| Money Market Funds | 14,596,499 | 14,596,499 | - | - | - | - |
| Commercial Paper | 26,080 | 26,080 | - | - | - | - |
| Obligations of the United States Government Agencies and Instrumentalities | 430,615,236 | 71,127,675 | 3,581,877 | 21,698,904 | 199,705,591 | 134,501,189 |
| Municipal Bonds | 15,407,471 | - | 2,537,530 | - | 11,642,288 | 1,227,653 |
| Total Investments, Reporting Entity | \$ 2,152,082,968 | \$ 1,462,019,735 | \$ 6,119,407 | \$ 21,698,904 | \$ 526,516,080 | \$ 135,728,842 |

For Florida PRIME, with regard to redemption gates, Section 218.409(8)(a), Florida Statutes, states, “The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the executive director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the board [State Board of Administration] can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the trustees, the Joint Legislative Auditing Committee, and the Investment Advisory Council. The trustees shall convene an emergency meeting as soon as practicable from the time the executive director has instituted such measures and review the necessity of those measures. If the trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the executive director until the trustees are able to meet to review the necessity for the moratorium. If the trustees agree with such measures, the trustees shall vote to continue the measures for up to an additional 15 days. The trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the trustees exceed 15 days.” As of June 30, 2022, there were no redemption fees, maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to 100 percent of their account value.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Section 218.415(17), Florida Statutes, limits investments to the Local Government Surplus Funds Trust Fund [Florida PRIME], or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided in Section 163.01, Florida Statutes; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits or savings accounts in qualified public depositories, as defined in Section 280.02, Florida Statutes; and direct obligations of the United States Treasury. Investments authorized by District policy are:

- Direct Obligations of United States Treasury;
- United States Government Sponsored Agencies or Federal Instrumentalities;
- Florida PRIME;
- Florida Special Purpose Investment Account;
- Certificates of Deposit and Savings Account;
- Repurchase Agreements;
- State and/or Local Government Taxable or Tax Exempt Debt;
- Corporate Notes;
- Commercial Paper;
- Money Market Funds; and
- Florida Surplus Asset Fund Trust.

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 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, the investment must be immediately placed for safekeeping in a secured vault. The District's \$446,022,707 investments in obligations in Municipalities and United States Government Agencies and Instrumentalities 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:

- Direct Obligations of the United States Treasury to 100 percent;
- United States Government Sponsored Agencies (Federal Instrumentalities) to 80 percent;

- Florida PRIME to 100 percent;
- Florida Special Purpose Investment Account to 100 percent;
- Certificates of Deposit and Savings Accounts to 100 percent;
- Repurchase Agreements, fully collateralized by Direct Obligations of United States Government Securities to 30 percent;
- State and/or Local Government Taxable or Tax-Exempt Debt to 20 percent;
- Corporate Notes to 20 percent;
- Commercial Paper to 30 percent; and
- Money Market Funds to 100 percent.

As of June 30, 2022, the District investments in the State of Florida Special Purpose Investment Account (SPIA) totaled \$315,168,201, which is rated AA-f by S&P with an effective duration of 2.66 years. These funds allocate investment earnings monthly.

As of June 30, 2022, the District investments in the Florida PRIME totaled \$634,637,614 which is rated AAAm by S&P and has a weighted average maturity of 28 days. These funds allocate investment earnings monthly.

As of June 30, 2022, the District investments in the Florida Public Assets for Liquidity Management totaled \$691,125,669. These funds are rated AAAm by S&P and have a weighted average maturity of 24 days.

As of June 30, 2022, the District investments in Florida Safe totaled \$50,506,198. These funds are rated AAAm by S&P and have a weighted average maturity of 44 days.

As of June 30, 2022, the District investments in commercial paper were \$26,080. These funds are rated A-1, P-1 by S&P Moody's, respectively, as required by the District's investment policy. The District holds these funds under a trust indenture in connection with several certificates of participation series.

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

C. Receivables

The majority of receivables are due from other agencies. These receivables and the remaining accounts receivable are considered to be fully collectible. As such, no allowance for uncollectible accounts receivable is accrued.

The following is a schedule of due from other agencies at June 30, 2022:

| Fund: | Amount |
|--|-----------------------|
| Major Governmental Funds: | |
| General Fund: | |
| Orange County Tax Collector: | |
| Unremitted Property Taxes | \$ 13,042,506 |
| Miscellaneous State Agencies | 2,835,812 |
| Special Revenue Funds: | |
| Federal Education Stabilization Fund: | |
| Federal Grant Reimbursements | 84,526,535 |
| Capital Projects Funds: | |
| Capital Improvement Tax Fund: | |
| Orange County Tax Collector: | |
| Unremitted Property Taxes | 3,732,778 |
| Other Capital Projects Fund: | |
| State of Florida - Department of Revenue: | |
| Unremitted Sales Tax | 34,360,503 |
| Orange County Board of County Commissioners: | |
| Unremitted Impact Fee Collections | 15,628,954 |
| Florida Department of Education: | |
| PECO Safety and Security | 3,069,924 |
| Miscellaneous Cities Impact Fee Collections | 10,494,534 |
| Nonmajor Governmental Funds: | |
| Special Revenue Funds: | |
| Food Service Fund: | |
| Florida Department of Education: | |
| Meal Reimbursements | 2,277,556 |
| Other Federal Programs Fund: | |
| Florida Department of Education: | |
| Federal Grant Reimbursements | 10,261,663 |
| Capital Projects Fund: | |
| Capital Outlay & Debt Service Fund: | |
| Florida Department of Education: | |
| CO&DS | 7,681,973 |
| Total Due From Other Agencies | \$ 187,912,738 |

D. Changes in Capital Assets

Changes in capital assets are presented in the following table:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> |
|---|------------------------------|-----------------------|-----------------------|---------------------------|
| GOVERNMENTAL ACTIVITIES | | | | |
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$ 369,879,802 | \$ 1,811,594 | \$ - | \$ 371,691,396 |
| Construction in Progress | 340,073,556 | 163,285,468 | 250,922,688 | 252,436,336 |
| Total Capital Assets Not Being Depreciated | <u>709,953,358</u> | <u>165,097,062</u> | <u>250,922,688</u> | <u>624,127,732</u> |
| Capital Assets Being Depreciated: | | | | |
| Improvements Other Than Buildings | 71,774,616 | 4,984,757 | - | 76,759,373 |
| Buildings and Fixed Equipment | 5,066,477,230 | 250,922,688 | - | 5,317,399,918 |
| Furniture, Fixtures, and Equipment | 204,728,962 | 13,515,519 | 9,037,689 | 209,206,792 |
| Motor Vehicles | 136,037,916 | 13,873,179 | 17,684,707 | 132,226,388 |
| Computer Software | 191,707 | - | 45,016 | 146,691 |
| Total Capital Assets Being Depreciated | <u>5,479,210,431</u> | <u>283,296,143</u> | <u>26,767,412</u> | <u>5,735,739,162</u> |
| Less Accumulated Depreciation for: | | | | |
| Improvements Other Than Buildings | 28,671,933 | 3,608,390 | - | 32,280,323 |
| Buildings and Fixed Equipment | 1,211,012,303 | 130,400,797 | - | 1,341,413,100 |
| Furniture, Fixtures, and Equipment | 147,712,390 | 21,835,407 | 6,838,835 | 162,708,962 |
| Motor Vehicles | 72,797,238 | 12,246,769 | 15,905,275 | 69,138,732 |
| Computer Software | 185,187 | 2,116 | 42,807 | 144,496 |
| Total Accumulated Depreciation | <u>1,460,379,051</u> | <u>168,093,479</u> | <u>22,786,917</u> | <u>1,605,685,613</u> |
| Total Capital Assets Being Depreciated, Net | <u>4,018,831,380</u> | <u>115,202,664</u> | <u>3,980,495</u> | <u>4,130,053,549</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 4,728,784,738</u> | <u>\$ 280,299,726</u> | <u>\$ 254,903,183</u> | <u>\$ 4,754,181,281</u> |

Depreciation expense was charged to functions/programs as follows:

| <u>Function</u> | <u>Amount</u> |
|--|-----------------------|
| GOVERNMENTAL ACTIVITIES | |
| Student Transportation Services | \$ 11,977,185 |
| Maintenance of Plant | 807,459 |
| Unallocated | <u>155,308,835</u> |
| Total Depreciation Expense – Governmental Activities | <u>\$ 168,093,479</u> |

E. Retirement Plans

1. FRS – Defined Benefit Pension Plans

General Information about the FRS

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree HIS Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the District are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing multiple-employer defined benefit plans and other nonintegrated programs. An annual comprehensive financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services Web site (www.dms.myflorida.com).

The District's FRS and HIS pension expense totaled \$32,301,346 for the fiscal year ended June 30, 2022.

FRS Pension Plan

Plan Description. The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a DROP for eligible employees. The general classes of membership are:

- *Regular* – Members of the FRS who do not qualify for membership in the other classes.
- *Elected County Officers* – Members who hold specified elective offices in local government.
- *Senior Management Service* – Members in senior management level positions.
- *Special Risk* – Members who are employed as law enforcement officers and meet the criteria to qualify for this class.

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the Plan may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

The DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional

personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following table shows the percentage value for each year of service credit earned:

| <u>Class, Initial Enrollment, and Retirement Age/Years of Service</u> | <u>Percent Value</u> |
|--|-----------------------------|
| Regular Members Initially Enrolled Before July 1, 2011 | |
| Retirement up to age 62 or up to 30 years of service | 1.60 |
| Retirement at age 63 or with 31 years of service | 1.63 |
| Retirement at age 64 or with 32 years of service | 1.65 |
| Retirement at age 65 or with 33 or more years of service | 1.68 |
| Regular Members Initially Enrolled On or After July 1, 2011 | |
| Retirement up to age 65 or up to 33 years of service | 1.60 |
| Retirement at age 66 or with 34 years of service | 1.63 |
| Retirement at age 67 or with 35 years of service | 1.65 |
| Retirement at age 68 or with 36 or more years of service | 1.68 |
| Elected County Officers | 3.00 |
| Senior Management Service | 2.00 |
| Special Risk | 3.00 |

As provided in Section 121.101, Florida Statutes, if the member was initially enrolled in the Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member was initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2021-22 fiscal year were as follows:

| <u>Class</u> | <u>Percent of Gross Salary</u> | |
|---|--------------------------------|---------------------|
| | <u>Employee</u> | <u>Employer (1)</u> |
| FRS, Regular | 3.00 | 10.82 |
| FRS, Elected County Officers | 3.00 | 51.42 |
| FRS, Senior Management Service | 3.00 | 29.01 |
| FRS, Special Risk | 3.00 | 25.89 |
| DROP – Applicable to Members from All of the Above Classes | 0.00 | 18.34 |
| FRS, Reemployed Retiree | (2) | (2) |

(1) Employer rates include 1.66 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.06 percent for administrative costs of the Investment Plan.

(2) Contribution rates are dependent upon retirement class in which reemployed.

The District's contributions to the Plan totaled \$103,025,247 for the fiscal year ended June 30, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2022, the District reported a liability of \$177,733,377 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The District's proportionate share of the net pension liability was based on the District's 2020-21 fiscal year contributions relative to the total 2020-21 fiscal year contributions of all participating members. At June 30, 2021, the District's proportionate share was 2.35 percent, which was an increase of 0.08 from its proportionate share measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the District recognized Plan pension expense of \$4,044,383. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| <u>Description</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences Between Expected and Actual Experience | \$ 30,463,785 | \$ - |
| Change of Assumptions | 121,613,988 | - |
| Net Difference Between Projected and Actual Earnings on FRS Pension Plan Investments | - | 620,067,077 |
| Changes in Proportion and Differences Between District FRS Contributions and Proportionate Share of Contributions | 28,803,138 | 1,506,618 |
| District FRS Contributions Subsequent to the Measurement Date | 103,025,247 | - |
| Total | \$ 283,906,158 | \$ 621,573,695 |

The deferred outflows of resources related to pensions resulting from District contributions to the Plan subsequent to the measurement date, totaling \$103,025,247, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023. Other amounts

reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Fiscal Year Ending June 30</u> | <u>Amount</u> |
|-----------------------------------|-------------------------|
| 2023 | \$ (76,689,921) |
| 2024 | (89,508,386) |
| 2025 | (121,228,658) |
| 2026 | (157,316,963) |
| 2027 | 4,051,144 |
| Total | <u>\$ (440,692,784)</u> |

Actuarial Assumptions. The total pension liability in the July 1, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|---|
| Inflation | 2.40 percent |
| Salary Increases | 3.25 percent, average, including inflation |
| Investment Rate of Return | 6.80 percent, net of pension plan investment expense, including inflation |

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

The actuarial assumptions used in the July 1, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation (1)</u> | <u>Annual Arithmetic Return</u> | <u>Compound Annual (Geometric) Return</u> | <u>Standard Deviation</u> |
|--------------------------|------------------------------|---------------------------------|---|---------------------------|
| Cash | 1.0% | 2.1% | 2.1% | 1.1% |
| Fixed Income | 20.0% | 3.8% | 3.7% | 3.3% |
| Global Equity | 54.2% | 8.2% | 6.7% | 17.8% |
| Real Estate (Property) | 10.3% | 7.1% | 6.2% | 13.8% |
| Private Equity | 10.8% | 11.7% | 8.5% | 26.4% |
| Strategic Investments | 3.7% | 5.7% | 5.4% | 8.4% |
| Total | <u>100%</u> | | | |
| Assumed inflation - Mean | | | 2.4% | 1.2% |

(1) As outlined in the Plan's investment policy.

Discount Rate. The discount rate used to measure the total pension liability was 6.8 percent. The Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 6.8 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.8 percent) or 1 percentage point higher (7.8 percent) than the current rate:

| | 1% Decrease (5.8%) | Current Discount Rate (6.8%) | 1% Increase (7.8%) |
|---|-----------------------------------|---|-----------------------------------|
| District's Proportionate Share of the Net Pension Liability | \$ 794,835,569 | \$ 177,733,377 | \$ (338,094,864) |

Pension Plan Fiduciary Net Position. Detailed information about the Plan’s fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Annual Comprehensive Financial Report.

HIS Pension Plan

Plan Description. The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided. For the fiscal year ended June 30, 2022, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Federal Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2022, the contribution rate was 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. The District contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The District’s contributions to the HIS Plan totaled \$19,296,022 for the fiscal year ended June 30, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2022, the District reported a net pension liability of \$381,575,244 for its proportionate share of the HIS Plan's net pension liability. The current portion of the net pension liability is the District's proportionate share of benefit payments expected to be paid within 1 year, net of the District's proportionate share of the HIS Plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020, and update procedures were used to determine the net pension liability as of June 30, 2021. The District's proportionate share of the net pension liability was based on the District's 2020-21 fiscal year contributions relative to the total 2020-21 fiscal year contributions of all participating members. At June 30, 2021, the District's proportionate share was 3.11 percent, which was a decrease of 0.16 from its proportionate share measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the District recognized the HIS Plan pension expense of \$28,256,963. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| <u>Description</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences Between Expected and Actual Experience | \$ 12,768,471 | \$ 159,819 |
| Change of Assumptions | 29,983,274 | 15,721,871 |
| Net Difference Between Projected and Actual Earnings on HIS Pension Plan Investments | 397,782 | - |
| Changes in Proportion and Differences Between District HIS Contributions and Proportionate Share of Contributions | 10,935,376 | 15,426,546 |
| District HIS Contributions Subsequent to the Measurement Date | 19,296,022 | - |
| Total | \$ 73,380,925 | \$ 31,308,236 |

The deferred outflows of resources related to pensions resulting from District contributions to the HIS Plan subsequent to the measurement date, totaling \$19,296,022, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Fiscal Year Ending June 30</u> | <u>Amount</u> |
|-----------------------------------|----------------------|
| 2023 | \$ 7,337,877 |
| 2024 | 2,295,766 |
| 2025 | 4,206,045 |
| 2026 | 5,544,573 |
| 2027 | 3,521,450 |
| Thereafter | (129,044) |
| Total | \$ 22,776,667 |

Actuarial Assumptions. The total pension liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------|--|
| Inflation | 2.40 percent |
| Salary Increases | 3.25 percent, average, including inflation |
| Municipal Bond Rate | 2.16 percent |

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

While an experience study had not been completed for the HIS Plan, the actuarial assumptions that determined the total pension liability for the HIS Plan were based on certain results of the most recent experience study for the FRS Plan.

Discount Rate. The discount rate used to measure the total pension liability was 2.16 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate changed from 2.21 percent to 2.16 percent.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 2.16 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.16 percent) or 1 percentage point higher (3.16 percent) than the current rate:

| | <u>1% Decrease (1.16%)</u> | <u>Current Discount Rate (2.16%)</u> | <u>1% Increase (3.16%)</u> |
|---|------------------------------------|--|------------------------------------|
| District's Proportionate Share of the Net Pension Liability | \$ 441,137,943 | \$ 381,575,244 | \$ 332,776,932 |

Pension Plan Fiduciary Net Position. Detailed information about the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Annual Comprehensive Financial Report.

2. FRS – Defined Contribution Pension Plan

The SBA administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State's Annual Comprehensive Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. District employees participating in

DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Retirement benefits are based upon the value of the member's account upon retirement. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2021-22 fiscal year were as follows:

| <u>Class</u> | <u>Percent of Gross Compensation</u> |
|--------------------------------|--|
| FRS, Regular | 6.30 |
| FRS, Elected County Officers | 11.34 |
| FRS, Senior Management Service | 7.67 |
| FRS, Special Risk Regular | 14.00 |

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings, regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2022, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided in which the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan or remain in the Investment Plan and rely upon that account balance for retirement income.

The District's Investment Plan pension expense totaled \$32,329,622 for the fiscal year ended June 30, 2022.

F. Other Postemployment Benefit Obligations

Plan Description. The Other Postemployment Benefits Plan (OPEB Plan) is a single-employer defined benefit plan administered by the District. Pursuant to Section 112.0801, Florida Statutes, former employees who retire from the District and eligible dependents, may continue to participate in the District's health and hospitalization plan for medical and prescription coverages. Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. The District subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because retiree healthcare costs are generally greater than active employee healthcare costs. Contribution requirements of the plan members and the District are established and may be amended by the Board. No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided. The District provides healthcare benefits, including prescription drug coverage, for retirees and their dependents. Once the participant or spouse attains age 65, the District does not continue coverage. Postemployment healthcare and life insurance are optional benefits available through the District after retirement, but retirees must pay the full premium. Therefore, there is no liability to the District for these benefits.

Employees Covered by Benefit Terms. At June 30, 2022, the following employees were covered by the benefit terms:

| | |
|--|---------------|
| Inactive Employees or Beneficiaries Currently Receiving Benefits | 412 |
| Active Employees | <u>21,719</u> |
| Total | <u>22,131</u> |

Total OPEB Liability. The District's total OPEB liability of \$48,695,858 was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2022.

Actuarial Assumptions and Other Inputs. The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|-----------------------------|--|
| Actuarial Cost Method | Entry Age Normal |
| Discount Rate | 2.14 percent, increasing to 3.54 percent as of the end of the measurement period |
| 20-Year Municipal Bond Rate | 3.54 percent |
| Salary Increases | 4 percent |
| Inflation Rate | 2 percent |
| Mortality | 2010 Teachers Retirees Headcount-Weighted Mortality, projected generationally scale MP-2021 |
| Healthcare Cost Trend Rates | 5 percent, decreasing to 4 percent as of the end of the measurement period to an ultimate rate of 3.7 percent for 2029 and later years |

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and the healthcare cost trends.

Projection of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, and include the type of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Changes in the Total OPEB Liability.

| | <u>Amount</u> |
|--|----------------------|
| Balance at June 30, 2021 | <u>\$ 57,427,977</u> |
| Changes for the year: | |
| Service Cost | 2,017,589 |
| Interest | 1,198,008 |
| Differences Between Expected and Actual Experience | 2,199,970 |
| Changes of Assumptions or Other Inputs | (9,237,522) |
| Benefit Payments | <u>(4,910,164)</u> |
| Net Changes | <u>(8,732,119)</u> |
| Balance at June 30, 2022 | <u>\$ 48,695,858</u> |

The changes of assumptions or other inputs include: a change in the discount rate from 2.14 percent to 3.54 percent, a change in salary scale, a change in the mortality projection, a change in the healthcare cost trend rate from 5 percent at the end of the prior year to 4 percent at the end of the current year, and changes in the likelihood of participant elections.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following table presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.54 percent) or 1 percentage point higher (4.54 percent) than the current rate:

| | <u>1% Decrease (2.54%)</u> | <u>Current Discount Rate (3.54%)</u> | <u>1% Increase (4.54%)</u> |
|----------------------|------------------------------------|--|------------------------------------|
| Total OPEB Liability | \$ 52,122,529 | \$ 48,695,858 | \$ 45,529,962 |

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following table presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (3 percent decreasing to 2.7 percent) or 1 percentage point higher (5 percent decreasing to 4.7 percent) than the current healthcare cost trend rates:

| | Healthcare Cost Trend | | |
|----------------------|----------------------------------|---------------|--------------------|
| | <u>1% Decrease</u> | <u>Rates</u> | <u>1% Increase</u> |
| Total OPEB Liability | \$ 44,784,878 | \$ 48,695,858 | \$ 53,240,084 |

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the fiscal year ended June 30, 2022, the District recognized OPEB expense of \$3,994,992. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| <u>Description</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences Between Expected and Actual Experience | \$ 10,383,199 | \$ 4,516,261 |
| Changes of Assumptions or Other Inputs | 6,240,115 | 10,917,053 |
| Total | \$ 16,623,314 | \$ 15,433,314 |

Amounts recognized as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <u>Fiscal Year Ending June 30</u> | <u>Amount</u> |
|-----------------------------------|---------------------|
| 2023 | \$ 779,395 |
| 2024 | 779,395 |
| 2025 | 779,395 |
| 2026 | 642,500 |
| Thereafter | (1,790,685) |
| Total | \$ 1,190,000 |

G. Construction and Other Significant Commitments

Construction Contracts. The following is a schedule of major construction contract commitments at June 30, 2022:

| <u>Project</u> | <u>Contract Amount</u> | <u>Completed to Date</u> | <u>Balance Committed</u> |
|-----------------------------------|----------------------------|------------------------------|------------------------------|
| Orange Technical College Orlando | \$ 29,581,427 | \$ 2,119,639 | \$ 27,461,788 |
| Water Spring Middle School | 32,120,144 | 6,523,327 | 25,596,817 |
| Stonewyck Elementary School | 15,973,918 | 12,541,320 | 3,432,598 |
| Other Major Construction Projects | 230,847,576 | 214,783,837 | 16,063,739 |
| Total | \$ 308,523,065 | \$ 235,968,123 | \$ 72,554,942 |

Encumbrances. Appropriations in governmental funds are encumbered upon issuance of purchase orders for goods and services. Even though appropriations lapse at the end of the fiscal year, unfilled purchase orders of the current year are carried forward and the next fiscal year's appropriations are likewise encumbered.

The following is a schedule of encumbrances at June 30, 2022:

| Major Funds | | | | | |
|--------------------|--|---|--|--|---|
| General | Special Revenue - Federal Education Stabilization | Capital Projects - Capital Improvement Tax | Capital Projects - Other Capital Projects | Nonmajor Governmental Funds | Total Governmental Funds |
| \$ 36,018,790 | \$ 56,560,717 | \$ 140,049,326 | \$ 26,568,511 | \$ 6,492,364 | \$ 265,689,708 |

H. Risk Management Programs

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District relies on sovereign immunity and therefore does not procure general liability or automobile insurance. Other lines of coverage are being provided on a self-insured basis subject to specified retentions. The District has contracted with claims administrators to administer these self-insurance programs, including the processing, investigating, and payment of claims.

A liability was actuarially determined to cover estimated incurred, but not reported, insurance claims payable at June 30, 2022. Liabilities for incurred losses to be settled by fixed or reasonably determinable payments over a long period of time are reported at their present value using an investment yield rate of 1.5 percent as determined by a review of the District's interest rates received from intergovernmental pooled investment funds and government securities. These liabilities are \$14,462,889 at June 30, 2022. Settled claims resulting from the risks described above have not exceeded commercial insurance coverage in any of the past 3 fiscal years.

The District provides employee group health and life insurance. The group health plan is self-insured through the Employee Benefits trust and life insurance is obtained through a commercial carrier. Under these plans, the Board contributes employee premiums as fringe benefits to employees. The employees pay a portion of the costs in the two premium group health plans while the District pays all of the employee costs in the two basic group health plans. Premiums for coverage provided for employee dependents and retirees and their dependents are paid in advance by the employee or retiree. These plans provide for maximum premiums based on the number of participants and individual or family coverages. The group health plan is administered by third-party administrators that are reimbursed by the District from a detail record of services provided. There is no stop loss protection on the group health plan. The District has different funding arrangements with each of the groups that reimburse the claims and healthcare expenses. The District reported an estimated unpaid claims liability of \$19,000,000 in the Internal Service Funds for the group health insurance program at June 30, 2022.

The following schedule represents the changes in claims liability for the past 2 fiscal years for the District's self-insurance program:

| <u>Fiscal Year</u> | <u>Beginning of Fiscal Year Liability</u> | <u>Current Year Claims and Changes in Estimates</u> | <u>Claims Payments</u> | <u>Balance at Fiscal Year End</u> |
|--------------------|---|---|------------------------|-----------------------------------|
| 2020-21 | \$ 33,937,727 | \$ 233,202,788 | \$ (235,537,463) | \$ 31,603,052 |
| 2021-22 | 31,603,052 | 234,844,533 | (232,984,696) | 33,462,889 |

I. Long-Term Liabilities

1. Certificates of Participation

The District entered into a master financing arrangement on May 1, 1997, which was characterized as a lease-purchase agreement, with the Orange County School Board Leasing Corporation (Leasing Corporation) whereby the District secured financing of various educational facilities, vehicles, and equipment. The financing was accomplished through the issuance of Certificates of Participation (COPs).

Certificates of participation at June 30, 2022, are as follows:

| <u>Series</u> | <u>Amount Issued</u> | <u>Amount Outstanding</u> | <u>Remaining Interest Rates (Percent) (18)</u> | <u>Facility Lease Term Maturity (19)</u> |
|---|--|---------------------------|--|--|
| 2008E (1) | \$ 51,020,000 | \$ 12,090,000 | Synthetic 5.112 | 2023 |
| 2009B-QSCB (2) | 35,820,000 | 35,820,000 | 1.15 | 2025 |
| 2010A-QSCB (3) | 36,229,000 | 36,229,000 | None | 2030 |
| 2013A (4) | 19,290,000 | 6,140,000 | 4 - 5 | 2026 |
| 2014A (5) | 63,840,000 | 1,810,000 | 5 | 2025 |
| 2015D (8) | 114,170,000 | 22,700,000 | 5 | 2033 |
| 2016B (10) | 36,785,000 | 35,150,000 | 2 - 5 | 2028 |
| 2016C (11) | 182,355,000 | 181,920,000 | 5 | 2035 |
| 2017B (13) | 71,080,000 | 71,080,000 | 5 | 2028 |
| 2017C (14) | 59,035,000 | 59,035,000 | 5 | 2030 |
| 2021A (15) | 101,940,000 | 101,940,000 | 5 | 2032 |
| | Subtotal | 563,914,000 | | |
| COPs from Direct Borrowings of Debt: | | | | |
| 2015A (6) | 107,420,000 | 12,205,000 | 2.88 | 2023 |
| 2015B (7) | 59,325,000 | 46,850,000 | 2.71 | 2026 |
| 2016A (9) | 108,155,000 | 73,280,000 | 2.23 | 2025 |
| 2017A (12) | 37,566,829 | 24,705,743 | 1.95 | 2026 |
| 2021B (16) | 156,230,000 | 156,230,000 | 2.07 | 2032 |
| 2021C (17) | 83,555,000 | 83,555,000 | 2.15 | 2032 |
| | Subtotal | 396,825,743 | | |
| | Total Certificates of Participation | \$ 960,739,743 | | |

- (1) On September 8, 2008, the Leasing Corporation issued COPs Series 2008E to advance refund COPs Series 2007C.
- (2) On November 24, 2009, the Leasing Corporation issued COPs Series 2009B-Qualified School Construction Bond (QSCB). The proceeds from the issue will be used for comprehensive updates for one middle school.
- (3) On November 15, 2010, the Leasing Corporation issued COPs Series 2010A-QSCB. The proceeds from the issue were used for comprehensive updates for two elementary schools and one new construction elementary school.

- (4) On September 18, 2013, the Leasing Corporation issued COPs Series 2013A to advance refund a portion of COPs Series 2004A.
- (5) On March 11, 2014, the Leasing Corporation issued COPs Series 2014A to advance refund a portion of COPs Series 2004A.
- (6) On March 11, 2014, the Leasing Corporation entered into a forward refunding of the COPs Series 2005A. On April 1, 2015, the Leasing Corporation issued COPs Series 2015A.
- (7) On June 10, 2014, the Leasing Corporation entered into a forward refunding of the COPs Series 2005B. On May 4, 2015, the Leasing Corporation issued COPs Series 2015B.
- (8) On January 21, 2015, the Leasing Corporation issued COPs Series 2015D to advance refund COPs Series 2007A.
- (9) On May 27, 2015, the Leasing Corporation entered into a forward refunding of COPs Series 2006B. On May 5, 2016, the Leasing Corporation issued COPs Series 2016A.
- (10) On April 6, 2016, the Leasing Corporation issued COPs Series 2016B to advance refund COPs Series 2008D.
- (11) On April 20, 2016, the Leasing Corporation issued COPs Series 2016C to advance refund COPs Series 2009A.
- (12) On July 3, 2017, the Leasing Corporation issued COPs Series 2017A to advance refund COPs Series 2008C.
- (13) On September 7, 2017, the Leasing Corporation issued COPs Series 2017B to advance refund COPs Series 2012B.
- (14) On December 27, 2017, the Leasing Corporation issued COPs Series 2017C to advance refund COPs Series 2014A.
- (15) On April 20, 2021, the Leasing Corporation issued COPs Series 2021A to refund COPs Series 2008A.
- (16) On July 16, 2021, the Leasing Corporation issued COPs Series 2021B to refund COPs Series 2015C.
- (17) On July 16, 2021, the Leasing Corporation issued COPs Series 2021C to refund COPs Series 2015D.
- (18) The lease payments are payable by the District, semiannually, on August 1 and February 1.
- (19) As a condition of the financing arrangements, the District has given ground leases on District property to the Leasing Corporation, with a rental fee of \$1 per year. The properties covered by the ground lease are, together with the improvement constructed thereon (facilities) and the vehicles and equipment purchased from the financing proceeds, leased back to the District. The lease agreements are automatically renewable through varying dates unless early terminated following the occurrence of an event of default or a nonappropriation of funds to make lease payments, all as described and defined in the leases. If the District fails to renew the lease and to provide for rent payments through to term, it may be required to surrender all facilities, vehicles, and equipment included under the terms of the lease agreements for the benefit of the securers of the COPs.

The District properties included in the various ground leases under these arrangements include:

| Certificates | Description of Properties |
|---------------------|--|
| Series 1997A* | Renovation and remodeling at eighteen elementary, four middle, two high schools, and two 9th grade centers. |
| Series 1999A* | Three new elementary and one new middle school; replacement of modular buildings; and a high school expansion/replacement. |
| Series 2000A* | Three elementary schools. |
| Series 2000B* | One high school. |
| Series 2001A* | Refunding of COPs, Series 1997A and 2000A. |
| Series 2002A* | Two alternative education schools; the replacement of one elementary, one middle, and one high school; an addition at one middle school and concrete modular buildings at various sites. |
| Series 2003* | Financing and refinancing 295 premanufactured concrete modular structures. |
| Series 2004* | Two middle schools, two elementary schools, portable classrooms to meet immediate needs and portable replacements. |
| Series 2005A* | Refunding of COPs, Series 1997A and 1999A. |
| Series 2005B* | Refunding of COPs, Series 2000A. |

(Continued)

| Certificates | Description of Properties |
|---------------------|--|
| Series 2006A* | One replacement high school and four elementary schools. |
| Series 2006B* | Refunding of COPs, Series 1999A and 2002A. |
| Series 2007A/B* | One replacement high school, one replacement middle school, one technical center, one high school, and two elementary schools. |
| Series 2007C* | Refunding of COPs, Series 1997A. |
| Series 2008B* | Refunding of COPs, Series 2007B. |
| Series 2008C* | Refunding of COPs, Series 2000B. |
| Series 2008E | Refunding of COPs, Series 2007C. |
| Series 2009A* | Two replacement high schools. |
| Series 2009B-QSCB | Comprehensive needs and renovation at one middle school. |
| Series 2010A-QSCB | Comprehensive needs at two elementary schools and one new elementary school. |
| Series 2012A* | Refunding of COPs, Series 2001A. |
| Series 2012B* | Refunding of COPs, Series 2002A. |
| Series 2013A | Refunding of a portion of COPs, Series 2004A. |
| Series 2014A | Refunding of a portion of COPs, Series 2004A. |
| Series 2015A | Refunding of COPs, Series 2005A. |
| Series 2015B | Refunding of COPs, Series 2005B. |
| Series 2015C* | Refunding of COPs, Series 2006A. |
| Series 2015D | Refunding of COPs, Series 2007A. |
| Series 2016A | Refunding of COPs, Series 2006B. |
| Series 2016B | Refunding of COPs, Series 2008D. |
| Series 2016C | Refunding of COPs, Series 2009A. |
| Series 2017A | Refunding of COPs, Series 2008C. |
| Series 2017B | Refunding of COPs, Series 2012B. |
| Series 2017C | Refunding of COPs, Series 2014A. |
| Series 2021A | Refunding of COPs, Series 2008B. |
| Series 2021B | Refunding of COPs, Series 2015C. |
| Series 2021C | Refunding of a portion of COPs, Series 2015D. |

* Debt no longer exists, and debt continues to be presented to show the projects applicable to the refunding of COPs.

The following is a schedule by years of future minimum lease payments under the lease agreement together with the present value of minimum lease payments as of June 30:

| Fiscal Year Ending June 30 | Total | Certificates of Participation | | Certificates of Participation | |
|--|-------------------------|--------------------------------------|-----------------------|--------------------------------------|----------------------|
| | | Principal | Interest | Direct Borrowings of Debt | Interest |
| 2023 | \$ 88,204,434 | \$ 21,120,000 | \$ 26,016,214 | \$ 32,496,911 | \$ 8,571,309 |
| 2024 | 89,958,040 | 8,820,000 | 25,260,942 | 48,303,601 | 7,573,497 |
| 2025 | 122,576,523 | 45,680,000 | 24,587,978 | 45,863,860 | 6,444,685 |
| 2026 | 88,662,195 | 9,900,000 | 23,894,863 | 49,606,371 | 5,260,961 |
| 2027 | 89,053,003 | 51,660,000 | 22,362,713 | 10,515,000 | 4,515,290 |
| 2028-2032 | 470,022,163 | 181,464,000 | 76,985,907 | 197,025,000 | 14,547,256 |
| 2033-2035 | 277,362,036 | 245,270,000 | 18,937,125 | 13,015,000 | 139,911 |
| Total Minimum Lease Payments | \$ 1,225,838,394 | \$ 563,914,000 | \$ 218,045,742 | \$ 396,825,743 | \$ 47,052,909 |
| Add: Unamortized Premium | 73,711,802 | 73,711,802 | - | - | - |
| Less: Interest | (265,098,651) | - | (218,045,742) | - | (47,052,909) |
| Total Certificates of Participation | \$ 1,034,451,545 | \$ 637,625,802 | \$ - | \$ 396,825,743 | \$ - |

The District does not have any outstanding or unused lines of credit. The District's certificates of participation and certificates of participation from direct borrowings contain a provision that in an event of default or upon the termination of the lease agreement prior to the payment of all scheduled lease payments, the District shall immediately surrender and deliver possession of all facilities financed under the Master Lease.

2. Hedged Debt and Hedging Derivative Instrument Payments

As of June 30, 2022, aggregate debt service requirements of the District's debt (fixed-rate) and net receipts/payments on associated hedging derivative instruments are as follows. These amounts assume that current interest rates on variable-rate bonds and the current reference rates of hedging derivative instruments will remain the same for their term. As these rates vary, interest payments on variable-rate bonds and net receipts/payments on the hedging derivative instruments will vary.

Series 2008E COPs Swap Agreement – Swap Payments and Associated Debt. Assuming interest rates remain the same as at June 30, 2022, annual debt service requirements on the Series 2008E COPs and the interest rate swap would be as follows:

| Fiscal Year Ending June 30 | Principal | Interest | Interest Rate Swaps, Net | Total |
|---|------------------|-----------------|-------------------------------------|---------------|
| 2023 | \$ 12,090,000 | \$ 13,713 | \$ 41,755 | \$ 12,145,468 |

3. Defeased Debt

On July 16, 2021, the District issued COPs Series 2021B to refund COPs Series 2015C. The COPs Series 2021B of \$156,230,000 (par value) with an interest rate of 2.07 percent was issued to refund COPs Series 2015C with an interest rate of 5 percent and a par value of \$132,340,000. The refunding of the Series 2015C resulted in an economic savings (difference between the present value of the debt service payments on the old and new debt) of \$7,987,426 and a decrease in the District's total debt service requirement by \$9,168,063. The COPs final maturity was not extended. After paying issuance cost of \$271,920, the net proceeds of the COPs were \$158,990,872. The net proceeds from the issuance of the COPs, along with \$3,032,792 of the District's funds, were used to provide funds for the purpose of funding an escrow deposit, the proceeds of which were applied to fully pay on July 16, 2021, the COPs Series 2015C. As a result, \$132,340,000 of the 2015C certificates are considered to be defeased in-substance and the liability of these certificates has been removed from the District's government-wide financial statements in the current fiscal year.

On July 16, 2021, the District issued COPs Series 2021C to refund COPs Series 2015D. The COPs Series 2021C of \$83,555,000 (par value) with an interest rate of 2.15 percent was issued to refund COPs Series 2015D with an interest rate of 5 percent and a par value of \$70,780,000. The refunding of the Series 2015D resulted in an economic savings (difference between the present value of the debt service payments on the old and new debt) of \$2,866,693 and a decrease in the District's total debt service requirement by \$3,237,227. The COPs final maturity

was not extended. After paying issuance cost of \$143,229, the net proceeds of the COPs were \$85,033,812. The net proceeds from the issuance of the COPs, along with \$1,622,042 of the District's funds, were used to provide funds for the purpose of funding an escrow deposit, the proceeds of which were applied to fully pay on July 16, 2021, the COPs Series 2015D. As a result, \$70,780,000 of the 2015D certificates are considered to be defeased in-substance and the liability of these certificates has been removed from the District's government-wide financial statements in the current fiscal year.

On June 30, 2022, the outstanding balance of debt considered defeased in-substance in prior years are as follows:

| <u>Debt Issues</u> | <u>Amount Outstanding</u> |
|---|-------------------------------|
| Certificates of Participation, Series 2008B | \$ 105,000,000 |
| Certificates of Participation, Series 2008C | 22,505,000 |
| Certificates of Participation, Series 2008D | 38,515,000 |
| Certificates of Participation, Series 2009A | 183,805,000 |
| Certificates of Participation, Series 2012B | 75,935,000 |
| Certificates of Participation, Series 2014A | 62,030,000 |
| Certificates of Participation, Series 2015C | 156,230,000 |
| Certificates of Participation, Series 2015D | <u>83,555,000</u> |
| Total Defeased Debt | <u>\$ 727,575,000</u> |

4. Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities:

| <u>Description</u> | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deductions</u> | <u>Ending Balance</u> | <u>Due In One Year</u> |
|---|--------------------------------|------------------------------|--------------------------------|--------------------------------|-----------------------------|
| GOVERNMENTAL ACTIVITIES | | | | | |
| Certificates of Participation Payable | | | | | |
| Direct Borrowings | \$ 196,094,892 | \$ 239,785,000 | \$ 39,054,149 | \$ 396,825,743 | \$ 32,496,911 |
| Other Certificates of Participation | 775,624,000 | - | 211,710,000 | 563,914,000 | 21,120,000 |
| Add: Unamortized Premiums | | | | | |
| Other COPs | <u>106,937,312</u> | - | <u>33,225,510</u> | <u>73,711,802</u> | <u>9,054,793</u> |
| Total Certificates of Participation Payable | <u>1,078,656,204</u> | <u>239,785,000</u> | <u>283,989,659</u> | <u>1,034,451,545</u> | <u>62,671,704</u> |
| Bonds Payable | 243,000 | - | 243,000 | - | - |
| Estimated Insurance Claims Payable | 14,103,052 | 8,416,278 | 8,056,441 | 14,462,889 | 3,523,638 |
| Compensated Absences Payable | 132,561,302 | 3,383,335 | 10,660,602 | 125,284,035 | 10,774,796 |
| Total OPEB Liability | <u>57,427,977</u> | <u>5,415,567</u> | <u>14,147,686</u> | <u>48,695,858</u> | <u>3,994,992</u> |
| Net Pension Liability | 1,384,664,900 | 419,351,194 | 1,244,707,473 | 559,308,621 | 1,920,645 |
| Derivative Instruments | <u>715,921</u> | - | <u>489,785</u> | <u>226,136</u> | - |
| Total Governmental Activities | <u>\$ 2,668,372,356</u> | <u>\$ 676,351,374</u> | <u>\$ 1,562,294,646</u> | <u>\$ 1,782,429,084</u> | <u>\$ 82,885,775</u> |

For the governmental activities, compensated absences, pensions, and other postemployment benefits are generally liquidated with resources of the General Fund. The estimated insurance claims are generally liquidated with the resources of the Internal Service Funds, as discussed in Note I.C.

5. Derivative Instruments

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2022, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2022 financial statements, are as follows:

| | Change in Fair Value | | Fair Value at June 30, 2022 | | |
|------------------------------------|-------------------------------|------------|-----------------------------|--------------|---------------|
| | Classification | Amount | Classification | Amount | Notional |
| Governmental Activities | | | | | |
| Hedging Derivatives: | | | | | |
| 2008E Pay-Fixed Interest Rate Swap | Deferred Outflow of Resources | \$ 489,785 | Liability | \$ (226,136) | \$ 12,090,000 |

The fair values of the hedging derivatives take into consideration Level 2 measurement inputs from the prevailing interest rate environment and the specific terms and conditions of each swap. All fair values were estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero coupon rate bond due on the date of each future net settlement payment on the swaps.

Objective and Terms of Hedging Derivative Instruments. The following table displays the objective and terms of the District's hedging derivative instruments outstanding at June 30, 2022, along with the credit rating of the associated counterparty:

| Type | Objective | Notional | Effective Date | Maturity Date | Amount of Cash Received | Terms | Counterparty | Counterparty Credit Rating |
|------------------------------------|--|--------------|----------------|---------------|-------------------------|-----------------------------------|------------------------|----------------------------|
| 2008E Pay-Fixed Interest Rate Swap | Hedge of changes in cash flows on the 2008E Certificates | \$12,090,000 | 8/1/2007 | 8/1/2022 | N/A | Pay 5.4% receive SIFMA Swap Index | USB AG Stamford Branch | Aa3, A+, AA- |

Risks

Credit Risk. The District is exposed to credit risk on hedging derivative instruments. The swap's fair value represented the District's credit exposure to the counterparty. Should the counterparty to this transaction fail to perform according to the terms of the swap contract, the District is left with variable rate bonds. As of June 30, 2022, the swap counterparties' credit ratings are noted in the above table.

It is the District's policy to enter into netting arrangements whenever it has entered into more than one derivative instrument transaction with a counterparty. Under the terms of these arrangements, should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the nondefaulting party to accelerate and terminate all outstanding transactions and net the transactions' fair values so that a single sum will be owed by, or owed to, the nondefaulting party.

The District has no hedging derivative instruments in asset positions at June 30, 2022.

Interest Rate Risk. Interest rate risk is the risk that changes in interest will adversely affect the fair values of the District's cash flows. The District is exposed to interest rate risk on its interest

rate swaps. As the Securities Industry and Financial Markets Association (SIFMA) swap index decreases, the District's net payment on the swap increases.

Basis Risk. Basis risk is the risk that arises when variable rates or prices of a hedging derivative instrument and a hedged item are based on a different reference rates. The District is exposed to basis risk should the variable rate it receives under the agreement be different than the rate it pays on its COPs. Under the requirements of the swap, the District receives a variable payment based on the SIFMA index from the counterparty. The 2008E COPs are currently priced in a daily mode and the SIFMA index reflects weekly interest rates.

Termination Risk. Termination risk is that a hedging derivative instrument's unscheduled end will affect the District's asset and liability strategy or will present the District with potentially significant unscheduled termination payments to the counterparty. The District or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract including if either parties' credit rating falls below designated levels.

J. Fund Balance Reporting

Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the District's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the users of those resources.

GASB 54 provides for two major types of fund balances for governmental funds, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The District reports its inventories and prepaid items as nonspendable and does not have any nonspendable funds related to endowments.

In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on spending constraints.

- **Restricted.** Fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- **Committed.** Fund balances that contain self-imposed constraints of the government from its highest level of decision making authority such as school board resolutions.
- **Assigned.** Fund balances that contain self-imposed constraints of the government to be used for a particular purpose.
- **Unassigned.** Fund balance of the General Fund that does not have a constraint for any particular purpose.

The District has classified its fund balances with the following hierarchy:

- **Nonspendable.** The District has inventories totaling \$2,779,314 that are classified as nonspendable.

- **Restricted for State Categorical Programs, State Grants, Food Service, Debt Service, and Capital Projects.** Federal Laws, Florida Statutes, and local ordinances require that certain revenues be specifically designated for the purposes of State categorical programs, food service, debt service, and capital projects. These funds have been included in the restricted category of fund balance. The restricted fund balance totaled \$2,124,368,964 and represented \$7,321,745 in State categorical programs, \$25,688,651 in post-secondary schools rollover budget, \$5,687,900 in State grants, \$81,997,948 in food service, \$17,034,209 in student activities, \$147,821,252 in debt service, and \$1,838,817,259 in capital projects.
- **Assigned for School Operations and Other Purposes.** The assigned fund balances totaled \$262,027,004. For the General Fund, the Chief Financial Officer of the Board has assigned the OPEB liability of \$48,695,858; Board Projects of \$143,230,945; and K-12 School Rollover Budgets of \$28,234,196. Also, for the General Fund, the District reports as assigned outstanding purchase obligations of \$5,582,471 that have not been previously reported as restricted and \$25,241,092 needed to eliminate expected expenditures over expected revenues in the subsequent year budget approved by the Board. In addition, \$11,042,442 of positive fund balance in non-General Funds that has not been reported as nonspendable or restricted is reported as assigned fund balance.
- **Unassigned.** The unassigned fund balance for the General Fund is \$132,604,286.

| | Major Funds | | | | Total Governmental Funds |
|--------------------------------------|----------------------|--|---|-----------------------------------|--------------------------------|
| | General | Capital Projects - Capital Improvement Tax | Capital Projects - Other Capital Projects | Nonmajor Governmental Funds | |
| Fund Balances | | | | | |
| Nonspendable: | | | | | |
| Inventories: | | | | | |
| General Fund | \$ 2,669,786 | \$ - | \$ - | \$ - | \$ 2,669,786 |
| Special Revenue - Student Activities | - | - | - | 109,528 | 109,528 |
| Restricted: | | | | | |
| Categorical Programs | 7,321,745 | - | - | - | 7,321,745 |
| Post-Secondary Rollover Budgets | 25,688,651 | - | - | - | 25,688,651 |
| State Grants | 5,687,900 | - | - | - | 5,687,900 |
| Special Revenue -Food Service | - | - | - | 81,997,948 | 81,997,948 |
| Student Activities | - | - | - | 17,034,209 | 17,034,209 |
| Debt Service | - | - | - | 147,821,252 | 147,821,252 |
| Capital Projects | - | 366,877,602 | 1,450,725,789 | 21,213,868 | 1,838,817,259 |
| Assigned: | | | | | |
| School Operations: | | | | | |
| Encumbrances | 5,582,471 | - | - | - | 5,582,471 |
| Board Projects | 143,230,945 | - | - | - | 143,230,945 |
| K-12 Schools Rollover Budgets | 28,234,196 | - | - | - | 28,234,196 |
| Next Year's Budget Deficit | 25,241,092 | - | - | - | 25,241,092 |
| Other Purposes: | | | | | |
| OPEB | 48,695,858 | - | - | - | 48,695,858 |
| Special Revenue - Other | - | - | - | 11,042,442 | 11,042,442 |
| Unassigned | 132,604,286 | - | - | - | 132,604,286 |
| Total Fund Balances | \$424,956,930 | \$ 366,877,602 | \$ 1,450,725,789 | \$279,219,247 | \$ 2,521,779,568 |

The District has not established a contingency reserve or “Rainy Day Fund.” Instead, the Board has approved in the budget to set aside 3 percent of recurring budgeted revenues at the beginning of each year to cover unforeseen events (e.g., revenue shortfalls, student enrollment under projections, etc.). At the end of the fiscal year, the unassigned general fund balance was \$132,604,286, or 7.3 percent, of the General Fund total budgeted revenues for the 2021-22 fiscal year.

K. Interfund Receivables and Payables

The following is a summary of interfund receivables and payables reported in the fund financial statements:

| <u>Funds</u> | <u>Interfund</u> | |
|---------------------------------|----------------------|----------------------|
| | <u>Receivables</u> | <u>Payables</u> |
| Major: | | |
| General | \$ 72,737,962 | \$ - |
| Special Revenue: | | |
| Federal Education Stabilization | - | 65,099,346 |
| Nonmajor Governmental | - | 7,638,616 |
| Total | \$ 72,737,962 | \$ 72,737,962 |

The interfund receivables and payables represents payments made prior to year-end but reimbursed by the grantor after year-end and therefore are repaid within 12 months.

L. Revenues

1. Schedule of State Revenue Sources

The following is a schedule of the District's State revenue sources for the 2021-22 fiscal year:

| <u>Source</u> | <u>Amount</u> |
|--|-----------------------|
| Florida Education Finance Program | \$ 635,083,814 |
| Categorical Educational Program - Class Size Reduction | 213,385,697 |
| Workforce Development Program | 32,233,536 |
| Charter School Capital Outlay | 8,711,455 |
| CO&DS Distributed to District | 7,795,488 |
| Voluntary Prekindergarten Program | 5,329,425 |
| Food Service Supplement | 1,321,366 |
| State License Tax | 396,209 |
| CO&DS Withheld for SBE/COBI Bonds | 249,138 |
| Miscellaneous | 4,679,919 |
| Total | \$ 909,186,047 |

Accounting policies relating to certain State revenue sources are described in Note I.H.2.

2. Property Taxes

The following is a summary of millages and taxes levied on the 2021 tax roll for the 2021-22 fiscal year:

| General Fund | Millages | Taxes Levied |
|--|-----------------|-------------------------|
| Nonvoted School Tax: | | |
| Required Local Effort | 3.489 | \$ 587,283,289 |
| Basic Discretionary Local Effort | 0.748 | 125,906,535 |
| Voted School Tax: | | |
| Additional Voted Millage | 1.000 | 168,324,244 |
| Capital Projects - Local Capital Improvement Fund | | |
| Nonvoted Tax: | | |
| Local Capital Improvements | 1.500 | 252,486,367 |
| Total | 6.737 | \$ 1,134,000,435 |

M. Interfund Transfers

The following is a summary of interfund transfers reported in the fund financial statements:

| Funds | Interfund | |
|-------------------------|-----------------------|-----------------------|
| | Transfers In | Transfers Out |
| Major: | | |
| General | \$ 34,620,746 | \$ 35,175,026 |
| Capital Projects: | | |
| Capital Improvement Tax | - | 114,012,207 |
| Nonmajor Governmental | 88,102,916 | 8,711,455 |
| Internal Service | 35,175,026 | - |
| Total | \$ 157,898,688 | \$ 157,898,688 |

The interfund transfers represent the payments of expenditures by one fund for another fund. The transfers in for the General Fund consist of \$8.7 million from the Capital Projects – PECO Fund for Charter School Capital Outlay. The transfers in for the nonmajor debt service fund are from the capital projects funds for the COPs debt service payments.

III. INTERNAL SERVICE FUNDS

The following is a summary of financial information as reported in the internal service funds for the 2021-22 fiscal year:

| | <u>Total</u> | <u>Employee Benefit Insurance</u> | <u>Self-Insurance</u> | <u>District Print Center</u> |
|---|-----------------------|---|-----------------------|--------------------------------------|
| Total Assets | <u>\$ 213,666,722</u> | <u>\$ 155,632,578</u> | <u>\$ 56,998,957</u> | <u>\$ 1,035,187</u> |
| Liabilities and Net Position: | | | | |
| Accrued Salaries and Benefits Payable | \$ 3,970,575 | \$ 3,634,981 | \$ 79,258 | \$ 256,336 |
| Estimated Liability for Self-Insurance Program | 33,462,889 | 19,000,000 | 14,462,889 | - |
| Unearned Revenue | 55,380,993 | 55,380,993 | - | - |
| Net Position: | - | - | - | - |
| Investment in Capital Assets | 38,456 | - | - | 38,456 |
| Restricted for Claims Payments | 3,978,013 | - | 3,978,013 | - |
| Unrestricted | <u>116,835,796</u> | <u>77,616,604</u> | <u>38,478,797</u> | <u>740,395</u> |
| Total Liabilities and Net Position | <u>\$ 213,666,722</u> | <u>\$ 155,632,578</u> | <u>\$ 56,998,957</u> | <u>\$ 1,035,187</u> |
| Revenues: | | | | |
| Premium Contributions | \$ 236,906,801 | \$ 228,198,924 | \$ 8,707,877 | \$ - |
| Charges for Services | 3,804,695 | - | - | 3,804,695 |
| Other | <u>(245,770)</u> | <u>(321,027)</u> | <u>62,547</u> | <u>12,710</u> |
| Total Revenues | 240,465,726 | 227,877,897 | 8,770,424 | 3,817,405 |
| Total Expenses | (248,882,470) | (237,481,144) | (8,056,441) | (3,344,885) |
| Transfers In (Out) | <u>35,175,026</u> | <u>25,175,026</u> | <u>10,000,000</u> | <u>-</u> |
| Change in Net Position | <u>\$ 26,758,282</u> | <u>\$ 15,571,779</u> | <u>\$ 10,713,983</u> | <u>\$ 472,520</u> |

IV. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

A. Litigation

The District is a defendant in numerous lawsuits as of June 30, 2022. It is the opinion of management, after giving consideration to the District's related insurance coverage, as well as the Florida statutory limitations on governmental liabilities on uninsured risks, that the amount of loss resulting from litigation would not be material to the financial position of the District.

B. Other Loss Contingencies

Amounts received or receivable from grantors are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by grantors cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

During 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result of the spread of COVID-19, economic uncertainties have risen that may impact the District's operations for an indeterminable time period.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule General and Major Special Revenue Funds For the Fiscal Year Ended June 30, 2022

| | General Fund | | | Variance with Final Budget - Positive (Negative) |
|--|-----------------------|-----------------------|-----------------------|---|
| | Original Budget | Final Budget | Actual | |
| Revenues | | | | |
| Intergovernmental: | | | | |
| Federal Direct | \$ 1,340,396 | \$ 1,340,396 | \$ 1,429,179 | \$ 88,783 |
| Federal Through State and Local | 7,485,461 | 7,485,461 | 6,270,842 | (1,214,619) |
| State | 925,844,122 | 925,844,122 | 887,805,498 | (38,038,624) |
| Local: | | | | |
| Property Taxes | 865,007,405 | 846,787,693 | 852,377,250 | 5,589,557 |
| Investment Income | 1,512,500 | 2,125,961 | 2,125,961 | - |
| Postsecondary Vocational Course Fees | 2,715,630 | 3,052,016 | 3,052,016 | - |
| Miscellaneous | 8,744,335 | 39,626,700 | 39,626,700 | - |
| Total Local Revenues | <u>877,979,870</u> | <u>891,592,370</u> | <u>897,181,927</u> | <u>5,589,557</u> |
| Total Revenues | <u>1,812,649,849</u> | <u>1,826,262,349</u> | <u>1,792,687,446</u> | <u>(33,574,903)</u> |
| Expenditures | | | | |
| Current - Education: | | | | |
| Instruction | 1,265,063,257 | 1,233,168,693 | 1,157,296,721 | 75,871,972 |
| Student Support Services | 66,407,989 | 77,407,989 | 76,483,645 | 924,344 |
| Instructional Media Services | 17,554,835 | 18,054,835 | 18,033,612 | 21,223 |
| Instruction and Curriculum Development Services | 79,785,927 | 66,785,927 | 59,068,766 | 7,717,161 |
| Instructional Staff Training Services | 20,499,621 | 26,499,621 | 26,194,832 | 304,789 |
| Instruction-Related Technology | 25,004,269 | 25,004,269 | 12,160,841 | 12,843,428 |
| Board | 4,911,734 | 4,911,734 | 4,663,577 | 248,157 |
| General Administration | 12,010,073 | 12,010,073 | 8,684,136 | 3,325,937 |
| School Administration | 124,263,241 | 124,263,241 | 118,417,475 | 5,845,766 |
| Facilities Acquisition and Construction | 6,345,153 | 6,545,153 | 6,454,151 | 91,002 |
| Fiscal Services | 7,681,662 | 7,681,662 | 7,200,414 | 481,248 |
| Food Services | - | 7,000,000 | 6,730,998 | 269,002 |
| Central Services | 18,067,093 | 25,367,093 | 25,179,740 | 187,353 |
| Student Transportation Services | 70,042,904 | 70,042,904 | 66,865,527 | 3,177,377 |
| Operation of Plant | 156,276,246 | 158,276,246 | 157,871,500 | 404,746 |
| Maintenance of Plant | 39,273,258 | 39,273,258 | 33,471,744 | 5,801,514 |
| Administrative Technology Services | 24,055,990 | 30,355,990 | 30,190,577 | 165,413 |
| Community Services | 314,685 | 1,014,685 | 944,968 | 69,717 |
| Fixed Capital Outlay: | | | | |
| Facilities Acquisition and Construction | - | 456,483 | 456,483 | - |
| Other Capital Outlay | - | 3,438,081 | 3,438,081 | - |
| Total Expenditures | <u>1,937,557,937</u> | <u>1,937,557,937</u> | <u>1,819,807,788</u> | <u>117,750,149</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(124,908,088)</u> | <u>(111,295,588)</u> | <u>(27,120,342)</u> | <u>84,175,246</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers In | 25,909,291 | 25,909,291 | 34,620,746 | 8,711,455 |
| Sale of Capital Assets | 775,000 | 775,000 | 1,844,384 | 1,069,384 |
| Loss Recoveries | - | - | 27,068 | 27,068 |
| Transfers Out | - | - | (35,175,026) | (35,175,026) |
| Total Other Financing Sources (Uses) | <u>26,684,291</u> | <u>26,684,291</u> | <u>1,317,172</u> | <u>(25,367,119)</u> |
| Net Change in Fund Balances | <u>(98,223,797)</u> | <u>(84,611,297)</u> | <u>(25,803,170)</u> | <u>58,808,127</u> |
| Fund Balances, Beginning | 450,760,100 | 450,760,100 | 450,760,100 | - |
| Fund Balances, Ending | <u>\$ 352,536,303</u> | <u>\$ 366,148,803</u> | <u>\$ 424,956,930</u> | <u>\$ 58,808,127</u> |

Special Revenue - Federal Education Stabilization Fund

| Original Budget | Final Budget | Actual | Variance with Final Budget - Positive (Negative) |
|------------------------|---------------------|---------------|---|
| \$ - | \$ - | \$ - | \$ - |
| - | 566,542,534 | 260,760,048 | (305,782,486) |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | 566,542,534 | 260,760,048 | (305,782,486) |
| - | 325,034,845 | 179,939,770 | 145,095,075 |
| - | 27,200,101 | 16,269,672 | 10,930,429 |
| - | 580,909 | 580,882 | 27 |
| - | 55,545,864 | 6,576,522 | 48,969,342 |
| - | 13,419,719 | 4,798,965 | 8,620,754 |
| - | 1,078,465 | 231,138 | 847,327 |
| - | 26,333 | 26,095 | 238 |
| - | 22,718,954 | 9,016,451 | 13,702,503 |
| - | 11,863,993 | 4,190,728 | 7,673,265 |
| - | 78,303 | 59,556 | 18,747 |
| - | 47,166,364 | 296,803 | 46,869,561 |
| - | 1,186,340 | 1,183,997 | 2,343 |
| - | 29,472,035 | 18,009,006 | 11,463,029 |
| - | 9,426,648 | 5,383,299 | 4,043,349 |
| - | 9,406,057 | 5,400,212 | 4,005,845 |
| - | 2,953,032 | 2,448,474 | 504,558 |
| - | 6,396,211 | 3,397,653 | 2,998,558 |
| - | 495,199 | 457,663 | 37,536 |
| - | 16,740 | 16,740 | - |
| - | 2,476,422 | 2,476,422 | - |
| - | 566,542,534 | 260,760,048 | 305,782,486 |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| \$ - | \$ - | \$ - | \$ - |

**Schedule of Changes in the District's
Total OPEB Liability and Related Ratios**

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total OPEB Liability | | | | | |
| Service Cost | \$ 2,017,589 | \$ 2,153,966 | \$ 2,778,334 | \$ 1,394,593 | \$ 1,279,658 |
| Interest | 1,198,008 | 1,272,707 | 1,856,511 | 1,863,816 | 1,850,513 |
| Differences Between Expected and Actual Experience | 2,199,970 | (6,192,053) | 3,678,706 | 11,235,281 | 1,422,670 |
| Changes of Assumptions or Other Inputs | (9,237,522) | 6,021,519 | 3,102,696 | (5,749,617) | - |
| Benefit Payments | <u>(4,910,164)</u> | <u>(4,679,461)</u> | <u>(2,981,772)</u> | <u>(4,722,815)</u> | <u>(3,140,451)</u> |
| Net Change in Total OPEB Liability | <u>(8,732,119)</u> | <u>(1,423,322)</u> | <u>8,434,475</u> | <u>4,021,258</u> | <u>1,412,390</u> |
| Total OPEB Liability - Beginning | <u>57,427,977</u> | <u>58,851,299</u> | <u>50,416,824</u> | <u>46,395,566</u> | <u>44,983,176</u> |
| Total OPEB Liability - Ending | <u>\$ 48,695,858</u> | <u>\$ 57,427,977</u> | <u>\$ 58,851,299</u> | <u>\$ 50,416,824</u> | <u>\$ 46,395,566</u> |
| Covered-Employee Payroll | \$ 987,698,647 | \$ 994,034,919 | \$ 951,638,242 | \$ 904,238,966 | \$ 808,892,586 |
| Total OPEB Liability as a Percentage of Covered-Employee Payroll | 4.93% | 5.80% | 6.20% | 5.58% | 5.74% |

**Schedule of the District's Proportionate Share
of the Net Pension Liability –
Florida Retirement System Pension Plan (1)**

| Fiscal Year Ending June 30 | District's Proportion of the FRS Net Pension Liability | District's Proportionate Share of the FRS Net Pension Liability | District's Covered Payroll | District's Proportionate Share of the FRS Net Pension Liability as a Percentage of its Covered Payroll | FRS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|----------------------------------|---|--|-------------------------------|---|--|
| 2013 | 2.10% | \$ 369,393,623 | \$ 842,736,529 | 43.83% | 88.54% |
| 2014 | 2.27% | 138,601,800 | 891,614,637 | 15.55% | 96.09% |
| 2015 | 2.36% | 304,309,382 | 943,941,480 | 32.24% | 92.00% |
| 2016 | 2.18% | 551,681,215 | 950,205,116 | 58.06% | 84.88% |
| 2017 | 2.23% | 659,196,997 | 1,002,052,509 | 65.78% | 83.89% |
| 2018 | 2.23% | 672,999,279 | 1,029,829,605 | 65.35% | 84.26% |
| 2019 | 2.24% | 770,043,626 | 1,070,294,126 | 71.95% | 82.61% |
| 2020 | 2.27% | 985,442,035 | 1,135,080,334 | 86.82% | 78.85% |
| 2021 | 2.35% | 177,733,377 | 1,101,319,115 | 16.14% | 96.40% |

(1) The amounts presented for each fiscal year were determined as of June 30.

**Schedule of District Contributions –
Florida Retirement System Pension Plan (1)**

| Fiscal Year Ending June 30 | Contractually Required FRS Contribution | FRS Contributions in Relation to the Contractually Required Contribution | FRS Contribution Deficiency (Excess) | District's Covered Payroll | FRS Contributions as a Percentage of Covered Payroll |
|----------------------------------|---|--|--|-------------------------------|---|
| 2014 | \$ 49,757,965 | \$ (49,757,965) | \$ - | \$ 891,614,637 | 5.58% |
| 2015 | 57,441,353 | (57,441,353) | - | 943,941,480 | 6.09% |
| 2016 | 53,281,522 | (53,281,522) | - | 950,205,116 | 5.61% |
| 2017 | 58,015,247 | (58,015,247) | - | 1,002,052,509 | 5.79% |
| 2018 | 63,677,320 | (63,677,320) | - | 1,029,829,605 | 6.18% |
| 2019 | 69,331,806 | (69,331,806) | - | 1,070,294,126 | 6.48% |
| 2020 | 75,543,975 | (75,543,975) | - | 1,135,080,334 | 6.66% |
| 2021 | 89,634,580 | (89,634,580) | - | 1,101,319,115 | 8.14% |
| 2022 | 103,025,247 | (103,025,247) | - | 1,162,758,833 | 8.86% |

(1) The amounts presented for each fiscal year were determined as of June 30.

**Schedule of the District's Proportionate Share
of the Net Pension Liability –
Health Insurance Subsidy Pension Plan (1)**

| Fiscal Year Ending June 30 | District's Proportion of the HIS Net Pension Liability | District's Proportionate Share of the HIS Net Pension Liability | District's Covered Payroll | District's Proportionate Share of the HIS Net Pension Liability as a Percentage of its Covered Payroll | HIS Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|----------------------------------|---|--|-------------------------------|---|--|
| 2013 | 2.90% | \$ 252,557,472 | \$ 842,736,529 | 29.97% | 1.78% |
| 2014 | 3.00% | 280,568,669 | 891,614,637 | 31.47% | 0.99% |
| 2015 | 3.11% | 317,278,898 | 943,941,480 | 33.61% | 0.50% |
| 2016 | 3.08% | 358,647,515 | 950,205,116 | 37.74% | 0.97% |
| 2017 | 3.14% | 336,094,455 | 1,002,052,509 | 33.54% | 1.64% |
| 2018 | 3.15% | 333,602,013 | 1,029,829,605 | 32.39% | 2.15% |
| 2019 | 3.20% | 358,041,137 | 1,070,294,126 | 33.45% | 2.63% |
| 2020 | 3.27% | 399,222,865 | 1,135,080,334 | 35.17% | 3.00% |
| 2021 | 3.11% | 381,575,244 | 1,101,319,115 | 34.65% | 3.56% |

(1) The amounts presented for each fiscal year were determined as of June 30.

**Schedule of District Contributions –
Health Insurance Subsidy Pension Plan (1)**

| Fiscal Year Ending June 30 | Contractually Required HIS Contribution | HIS Contributions in Relation to the Contractually Required Contribution | HIS Contribution Deficiency (Excess) | District's Covered Payroll | HIS Contributions as a Percentage of Covered Payroll |
|----------------------------------|---|--|--|-------------------------------|---|
| 2014 | \$ 10,279,238 | \$ (10,279,238) | \$ - | \$ 891,614,637 | 1.15% |
| 2015 | 11,892,397 | (11,892,397) | - | 943,941,480 | 1.26% |
| 2016 | 15,773,166 | (15,773,166) | - | 950,205,116 | 1.66% |
| 2017 | 16,635,167 | (16,635,167) | - | 1,002,052,509 | 1.66% |
| 2018 | 17,092,904 | (17,092,904) | - | 1,029,829,605 | 1.66% |
| 2019 | 17,768,950 | (17,768,950) | - | 1,070,294,126 | 1.66% |
| 2020 | 18,841,646 | (18,841,646) | - | 1,135,080,334 | 1.66% |
| 2021 | 18,284,775 | (18,284,775) | - | 1,101,319,115 | 1.66% |
| 2022 | 19,296,022 | (19,296,022) | - | 1,162,758,833 | 1.66% |

(1) The amounts presented for each fiscal year were determined as of June 30.

1. Budgetary Basis of Accounting

The Board follows procedures established by State law and State Board of Education (SBE) rules in establishing budget balances for governmental funds, as described below:

- Budgets are prepared, public hearings are held, and original budgets are adopted annually for all governmental fund types in accordance with procedures and time intervals prescribed by State law and SBE rules.
- Appropriations are controlled at the object level (e.g., salaries, purchased services, and capital outlay) within each activity (e.g., instruction, student transportation services, and school administration) and may be amended by resolution at any Board meeting prior to the due date for the annual financial report.
- Budgets are prepared using the same modified accrual basis as is used to account for governmental funds.
- Budgetary information is integrated into the accounting system and, to facilitate budget control, budget balances are encumbered when purchase orders are issued. Appropriations lapse at fiscal year end and encumbrances outstanding are honored from the subsequent year's appropriations.
- The reported budgetary data consists of the original budget as well as the final appropriated budget after amendments are approved by the Board.

2. Schedule of Changes in the District's Total Other Postemployment Benefits Liability and Related Ratios

No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits. The June 30, 2022, total OPEB liability decreased from the prior fiscal year as a result of changes to assumptions which included a change in the discount rate from 2.14 percent to 3.54 percent, a change in salary scale, a change in the mortality projection, a change in the healthcare cost trend rate from 5 percent at the end of the prior year to 4 percent at the end of the current year, and changes in the likelihood of participant elections.

3. Schedule of Net Pension Liability and Schedule of Contributions – Florida Retirement System Pension Plan

Changes of Assumptions. In 2021, the maximum amortization period was decreased to 20 years for all current and future amortization bases.

4. Schedule of Net Pension Liability and Schedule of Contributions – Health Insurance Subsidy Pension Plan

Changes of Assumptions. In 2021, the municipal bond rate used to determine total pension liability was decreased from 2.21 percent to 2.16 percent.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Orange County District School Board Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2022

| Federal Grantor/Pass-Through Grantor/ Program or Cluster | Federal Assistance Listing Number | Pass - Through Entity Identifying Number | Passed Through to Subrecipients | Total Expenditures |
|---|---|--|---------------------------------------|-----------------------|
| Clustered | | | | |
| Child Nutrition Cluster | | | | |
| United States Department of Agriculture: | | | | |
| Florida Department of Agriculture and Consumer Services: | | | | |
| School Breakfast Program | 10.553 | 22002 | \$ - | \$ 24,167,539 |
| National School Lunch Program | 10.555 | 22001 | - | 110,361,243 |
| Summer Food Service Program for Children | 10.559 | 22006, 22007 | - | 4,933,081 |
| Fresh Fruit and Vegetable Program | 10.582 | 22004 | - | 294,460 |
| Total Child Nutrition Cluster | | | - | 139,756,323 |
| WIOA Cluster | | | | |
| United States Department of Labor: | | | | |
| Central Florida Regional Workforce Development Board d/b/a Careersource Central: | | | | |
| WIOA Adult Program | 17.258 | None | - | 133 |
| Special Education Cluster | | | | |
| United States Department of Education: | | | | |
| Florida Department of Education: | | | | |
| Special Education - Grants to States | 84.027 | 262, 263 | 949,557 | 45,270,485 |
| COVID-19 Special Education - Grants to States | COVID-19, 84.027 | 263 | - | 57,925 |
| Total Special Education - Grants to States | | | 949,557 | 45,328,410 |
| Special Education - Preschool Grants | 84.173 | 267 | 366,627 | 809,468 |
| Total Special Education Cluster | | | 1,316,184 | 46,137,878 |
| Student Financial Assistance Cluster | | | | |
| United States Department of Education: | | | | |
| Federal Pell Grant Program | 84.063 | N/A | - | 2,780,052 |
| 477 Cluster | | | | |
| United States Department of Health and Human Services: | | | | |
| Central Florida Regional Workforce Development Board d/b/a Workforce Central: | | | | |
| Temporary Assistance for Needy Families | 93.558 | N/A | - | 129,013 |
| Child Care and Development Fund Cluster | | | | |
| United States Department of Health and Human Services: | | | | |
| Early Learning Coalition of Orange County: | | | | |
| Child Care and Development Block Grant | 93.575 | None | - | 121,571 |
| COVID-19 Child Care and Development Block Grant | COVID-19, 93.575 | None | - | 1,039,907 |
| Total Child Care and Development Block Grant | | | - | 1,161,478 |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund | 93.596 | None | - | 94,932 |
| Total Child Care and Development Cluster | | | - | 1,256,410 |
| Head Start Cluster | | | | |
| United States Department of Health and Human Services: | | | | |
| Head Start | 93.600 | N/A | - | 246,015 |
| Not Clustered | | | | |
| United States Department of Agriculture | | | | |
| Florida Department of Agriculture and Consumer Services: | | | | |
| Farm to School Grant Program | 10.575 | None | - | 58,883 |
| Florida Department of Health: | | | | |
| Child and Adult Care Food Program | 10.558 | A-4413 | - | 12,816,042 |
| Total United States Department of Agriculture | | | - | 12,874,925 |

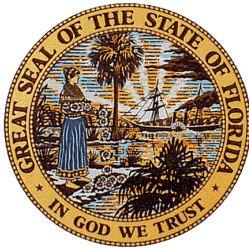
(Continued)

**Orange County District School Board
Schedule of Expenditures of Federal Awards (Continued)
For the Fiscal Year Ended June 30, 2022**

| Federal Grantor/Pass-Through Grantor/ Program or Cluster | Federal Assistance Listing Number | Pass - Through Entity Identifying Number | Passed Through to Subrecipients | Total Expenditures |
|--|---|--|---------------------------------------|-----------------------|
| Not Clustered (Continued) | | | | |
| United States Department of Defense | | | | |
| Air Force Junior Reserve Officers Training Corps | 12.UNK | N/A | \$ - | \$ 618,556 |
| Army Junior Reserve Officers Training Corps | 12.UNK | N/A | - | 196,722 |
| Marine Corps Junior Reserve Officers Training Corps | 12.UNK | N/A | - | 207,773 |
| Navy Junior Reserve Officers Training Corps | 12.UNK | N/A | - | 406,128 |
| Total United States Department of Defense | | | - | 1,429,179 |
| United States Department of Justice | | | | |
| Public Safety Partnership and Community Policing Grants | 16.710 | N/A | - | 5,088 |
| United States Department of Labor | | | | |
| Florida Department of Education: | | | | |
| National Farmworker Jobs Program | 17.264 | 405 | - | 106,500 |
| Florida Association for Career and Technical Education (FACTE): | | | | |
| Central Florida Childcare Apprenticeship | 17.825 | None | - | 4,913 |
| Total United States Department of Labor | | | - | 111,413 |
| United States Department of Education | | | | |
| Education Stabilization Fund: | | | | |
| Higher Education Emergency Relief Fund - Student Aid Portion | COVID-19, 84.425E | N/A | - | 3,195,706 |
| Higher Education Emergency Relief Fund - Institutional Portion | COVID-19, 84.425F | N/A | - | 5,858,373 |
| Florida Department of Education: | | | | |
| Governor's Emergency Education Relief Fund | COVID-19, 84.425C | 123 | 38,770 | 1,938,845 |
| Elementary and Secondary School Emergency Relief Fund | COVID-19, 84.425D | 124, 128 | 10,203,673 | 140,904,205 |
| American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) | COVID-19, 84.425U | 121 | - | 107,171,145 |
| American Rescue Plan - Elementary and Secondary School Emergency Relief - Homeless Children and Youth | COVID-19, 84.425W | 122 | - | 630,697 |
| Total Education Stabilization Fund | 84.425 | | 10,242,443 | 259,698,971 |
| Florida Department of Education: | | | | |
| Adult Education - Basic Grants to States | 84.002 | 191, 193 | - | 1,677,882 |
| Title I Grants to Local Educational Agencies | 84.010 | 212, 223, 226 | 2,465,930 | 71,430,228 |
| Migrant Education - State Grant Program | 84.011 | 217 | 6,222 | 307,463 |
| Career and Technical Education - Basic Grants to States | 84.048 | 161 | - | 3,655,731 |
| Education for Homeless Children and Youth | 84.196 | 127 | - | 147,630 |
| Twenty-First Century Community Learning Centers | 84.287 | 244 | 198,288 | 667,660 |
| Teacher Quality Partnership Grants | 84.336 | 180 | - | 31,729 |
| English Language Acquisition State Grants | 84.365 | 102 | - | 5,224,080 |
| Supporting Effective Instruction State Grants | 84.367 | 224 | 42,071 | 5,948,451 |
| School Improvement Grants | 84.377 | 126 | - | 592,221 |
| Student Support and Academic Enrichment Program | 84.424 | 241 | 231,195 | 6,950,476 |
| Total United States Department of Education | | | 13,186,149 | 356,332,522 |
| United States Department of Health and Human Services | | | | |
| Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance | | | | |
| | 93.079 | N/A | - | 366,611 |
| United States Department of Homeland Security | | | | |
| Florida Division of Emergency Management: | | | | |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 97.036 | None | - | 502,370 |
| Total Expenditures of Federal Awards | | | \$ 14,502,333 | \$ 561,927,932 |

The accompanying notes are an integral part of this Schedule.

- Notes: (1) Basis of Presentation. The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the Federal award activity of the Orange County District School Board under programs of the Federal Government for the fiscal year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.
- (2) Summary of Significant Accounting Policies. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (3) Indirect Cost Rate. The District has not elected to use the 10 percent de minimis cost rate allowed under the Uniform Guidance.
- (4) Noncash Assistance - National School Lunch Program. Includes \$11,457,111 of donated food used during the fiscal year. Donated foods are valued at fair value as determined at the time of donation.
- (5) Disaster Grants – Public Assistance (Presidentially Declared Disaster). The District incurred \$502,370 in expenditures for the Disaster Grants – Public Assistance (Presidentially Declared Disaster) grant in the 2017-18 fiscal year.



Sherrill F. Norman, CPA
Auditor General

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The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have audited, in accordance with the 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, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Orange County District School Board as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 2, 2023, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the school internal funds and the aggregate discretely presented component units, as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material

misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

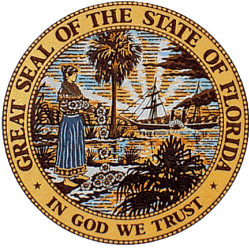
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
March 2, 2023



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

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The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Orange County District School Board's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the fiscal year ended June 30, 2022. The District's major Federal programs are identified in **SECTION I – SUMMARY OF AUDITOR'S RESULTS** of the accompanying **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the fiscal year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each

major Federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Other Matter – Federal Expenditures Not Included in the Compliance Audit

The District's basic financial statements include the operations of Renaissance Charter School at Chickasaw Trail, Renaissance Charter School at Goldenrod, and Renaissance Charter School at Hunter's Creek (Charter Schools) as part of the reported aggregate discretely presented component units on the accompanying basic financial statements. The Charter Schools expended Federal awards which are not included in the District's **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** during the fiscal year ended June 30, 2022. Our compliance audit, described in the ***Opinion on Each Major Federal Program*** section of our report, did not include the operations of these Charter Schools because, pursuant to Section 218.39(1)(e), Florida Statutes, the Charter Schools engaged other auditors to perform an audit in accordance with Uniform Guidance.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's Federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major Federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report

on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the ***Auditor's Responsibilities for the Audit of Compliance*** section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
March 2, 2023

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

| | |
|--|---------------|
| Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with GAAP: | Unmodified |
| Internal control over financial reporting: | |
| Material weakness(es) identified? | No |
| Significant deficiency(ies) identified? | None reported |
| Noncompliance material to financial statements noted? | No |

Federal Awards

| | |
|--|--|
| Internal control over major Federal programs: | |
| Material weakness(es) identified? | No |
| Significant deficiency(ies) identified? | None reported |
| Type of auditor’s report issued on compliance for major Federal programs: | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No |
| Identification of major Federal programs: | |
| Assistance Listing Numbers: | Name of Federal Program or Cluster: |
| 10.558 | Child and Adult Care Food Program |
| 84.010 | Title I Grants to Local Educational Agencies |
| 84.048 | Career and Technical Education – Basic Grants to State |
| 84.425 | Education Stabilization Fund |
| Dollar threshold used to distinguish between type A and type B programs: | \$3,000,000 |
| Auditee qualified as low risk auditee? | Yes |

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters are reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters are reported.

PRIOR AUDIT FOLLOW-UP

There were no prior financial statement or Federal award findings requiring follow-up.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

The District did not have prior audit findings required to be reported under 2 CFR 200.511.