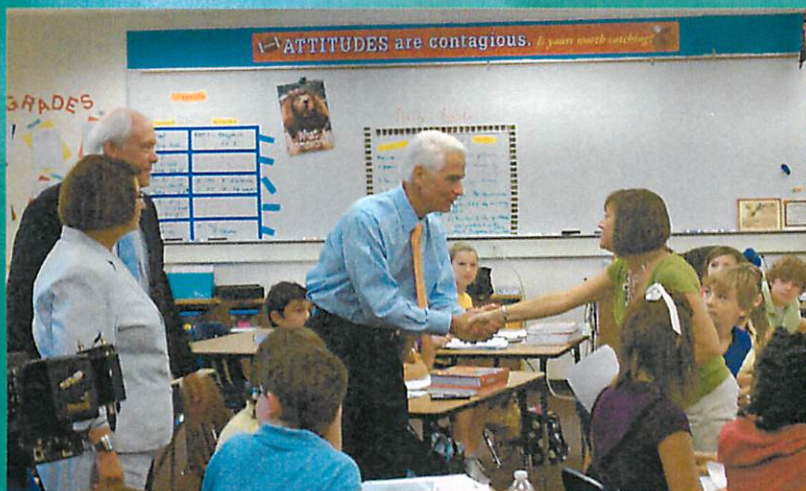


The School District of Lee County
Fort Myers, Florida

Comprehensive Annual Financial Report

for Year Ended June 30, 2010



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The School District of Lee County
Fort Myers, Florida

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

**FOR
FISCAL YEAR ENDED
JUNE 30, 2010**

Prepared by:
Financial Accounting Department

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2010

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INTRODUCTORY SECTION



THE SCHOOL DISTRICT OF LEE COUNTY

2855 COLONIAL BLVD. ♦ FORT MYERS, FLORIDA 33966-1012 ♦ (239) 334-1102 ♦ WWW.LEESCHOOLS.NET

THOMAS SCOTT
CHAIRMAN, DISTRICT 5
MARY FISCHER, M.A.
VICE CHAIRMAN, DISTRICT 1
JEANNE S. DOZIER
DISTRICT 2
JANE E. KUCKEL, PH.D.
DISTRICT 3
DON H. ARMSTRONG
DISTRICT 4
LAWRENCE D. TIHEN, PH.D.
INTERIM SUPERINTENDENT
KEITH B. MARTIN, ESQ.
BOARD ATTORNEY

December 18, 2010

District School Board of Lee County
2855 Colonial Boulevard
Fort Myers, FL 33966

Dear Chairman, School Board Members, and Citizens of Lee County:

After the close of each fiscal year, State law requires that all local governments publish a complete set of financial statements presented in conformity with generally accepted accounting practices (GAAP) in the United States of America and audited by the Florida Auditor General, or a firm of licensed certified public accountants, in accordance with auditing standards generally accepted in the United States of America. Pursuant to this requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of The School District of Lee County (the District) for the fiscal year ended June 30, 2010.

This report consists of management's representations concerning the finances of The School District of Lee County. Management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, District management has established a system of internal controls designed to protect the District's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh the benefits, the District's system of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The accounting firm, Cherry, Bekaert & Holland, L.L.P., conducted the audit for the fiscal year ended June 30, 2010. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2010, are free of material misstatement. The

independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded that there was a reasonable basis for rendering an unqualified opinion on the District's basic financial statements for the fiscal year ended June 30, 2010. The auditor's report is presented as the first component in the Financial Section of this report.

The independent audit of the District's financial statements included the federally mandated "single audit" designed to meet the special needs of federal grantor agencies. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996; and the United States Office of Management and Budget's *Circular A-133, Audits of States, Local Government, and Non-profit Organizations*. The standards governing single audit engagements require the independent auditor to report on the fair presentation of the financial statements and on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. Information related to this single audit, including the schedule of expenditures of federal awards, findings and questioned costs, summary of prior audit findings, and the independent auditors' reports on the system of internal control and on compliance with applicable requirements, are included in the Single Audit section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This Letter of Transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the Auditor's Report.

Profile of the Government

The District and its governing board were created pursuant to Section 4, Article IX, of the Constitution of the State of Florida. The District is an independent taxing and reporting entity managed, controlled, operated, administered, and supervised by District officials in accordance with Chapter 1001.42, Florida Statutes. The District School Board of Lee County (the Board) consists of five elected officials responsible for the adoption of policies that govern the operation of the District's public schools. The appointed Superintendent of Schools (the Superintendent) is the executive officer of the Board and is responsible for the administration and management of the schools within the applicable parameters of Florida Statutes, State Board of Education rules, and School Board policies. As prescribed by the State Board of Education, Florida Statute 1010.01 designates specific responsibility to the Superintendent for maintaining a uniform system of records and accounts.

The geographic boundaries of the District are the same as those of Lee County, (the County), which was founded in 1887 and named in honor of General Robert E. Lee. The County is located on the Gulf Coast of Florida, encompasses approximately 811 square miles, including several small islands in the Gulf of Mexico, and is bordered by Charlotte County to the north, Hendry County to the east, and Collier County to the south. Lee County's estimated population in 2010 is 622,900 people.

The report includes all funds of the District, The Lee County School Board Leasing Corporation, The Foundation for Lee County Public Schools (the Foundation), and sixteen charter schools, all of which comprise the reporting entity. The Lee County School Board Leasing Corporation was formed by the School Board to be the lessor in connection with financing the acquisition and/or construction of certain educational facilities. The Foundation is a separate, not-for-profit corporation organized and operated as a direct-support organization. The Foundation's purpose is exclusively educational and charitable for the constituents of Lee County. Charter schools are public schools operating under performance contracts with the District School Board of Lee County. The Foundation and applicable charter schools are included as aggregate discretely presented component units.

The District provides a full range of educational programs. These include pre-kindergarten, kindergarten through 12th grade, basic and enrichment programs, and exceptional student education. The District also provides vocational and adult programs.

During the 2009-10 fiscal year, the District operated 94 schools and programs comprised of 48 elementary schools, 16 middle schools, 13 high schools, 17 specialized schools and programs, and reported 80,483 unweighted full-time equivalent students. The District does not plan to open any new schools in the 2010-11 fiscal year. In addition, the District sponsored 16 charter schools that are component units of the District and plans to sponsor one additional charter school during the 2010-11 fiscal year. The charter schools are separate not-for-profit corporations organized and operated under section 1002.33, Florida Statutes. The charter schools are funded by the state based on their weighted full-time equivalent student count and receive this funding through the District.

The District maintains budgetary controls, the objective of which is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board. Activities of all governmental fund types are included in the annual appropriated budget. Project-length financial plans are adopted for the Capital Projects Funds. The level of budgetary control (that is, the level at which expenditures cannot exceed the appropriated amount) is established at the function level.

Budgetary information is integrated into the accounting system and, to facilitate budgetary control, budget balances are encumbered when purchase orders are issued. Appropriations lapse at year-end and encumbrances outstanding are honored from the subsequent year's appropriations.

In order to provide budgetary control for salaries, the District utilizes a centralized position control system. On an annual basis, the Board adopts a District staffing plan that establishes teacher positions based generally on student populations served. Additionally, support and administrative positions are created based on established criteria.

Economic Condition and Outlook

Lee County is part of the Fort Myers–Cape Coral Metropolitan Statistical Area with an annual growth rate of 1.3 percent. The County's population has increased from 440,888 in 2000 to 622,900 in 2010, an increase of 41.3 percent. This compares to an 18.1 percent increase for Florida overall and a 9 percent increase for the nation.

Growth is projected to continue at a slower rate for the next five years, increasing the population in the County to over 700,000 by 2015, and to more than 1,200,000 in the Southwest Florida area in general. Once a retirement haven, Lee County is now dominated by working-age people. In fact, the 18-24 age group (those people just entering the workforce) is growing about twice as fast as that of the State and many times faster than that of the entire United States.

Lee County continues to feel the effects of the unfavorable economic environment. The county is still among the highest in the nation in foreclosures and unemployment. The area continues to struggle with economic stability. Many believe we are at the beginning of an economic rebound as home sales increase. Our student population also appears to have stabilized, signaling possible population growth. The District changed from an almost 1,000 student loss in 2009 to a growth of 1,200 students in 2010. The mainstay of the County's economy is tourism and retirement, and their associated services, such as health, trade, and other service-oriented industries. The County also has real estate development, agribusiness, high-tech manufacturing, corporate and regional headquarters, warehousing and distribution, and financial services industries. Currently, over 89 percent of employment is concentrated in the services, wholesale and retail, and government sectors. Industries expected to gain the most new jobs in the near future include local government, health services, business services, food services, and special trade contractors.

The District recognizes that the continued enhancement of the local economy is of mutual benefit to both the District and the County, and that an excellent system of public education is a significant factor in attracting new business and industry to the County. The District is the area's second largest employer, employing 11,279 full and part-time employees, including 4,908 classroom teachers.

The District has experienced increases in student population for many years, except for fiscal year 2009, when the District realized a net decrease in student population. For fiscal year 2010 the District realized a net increase in student population. State and District projections indicate that approximately 1,300 more students will be served in the next fiscal year. This growth is projected to increase the student population up to 5 percent each year bringing the estimated student population to approximately 81,700, 98,100 and 131,200 over the next 5, 10 and 20 years, respectively.

Ranked in the top 9 in student population in the state and in the top 50 in the nation, the District is challenged not only by growth but also the 2002 State Constitutional Amendment legislating reductions in class size. These challenges require the construction of an additional 6 schools in the next 10 years. In order to meet this demand, the District will continue to seek additional revenue sources. In addition, with half of the school facilities more than 30 years old there was concern about the level of adequacy and equity. For these reasons, a major construction and renovations program was initiated. Concurrently, the District adopted a five year plan to bring schools up to the newly adopted District standard in technology equipment and student accessibility. The District has also adopted a 20 year maintenance and replacement program to ensure school facilities are properly preserved.

Major Initiatives

ARRA Economic Stimulus Funds

On February 13, 2009, Congress passed the American Recovery and Reinvestment Act of 2009 (ARRA) which was signed into law by President Obama on February 17, 2009. ARRA earmarks more than \$90 billion for states to use for education. The primary goal was to save jobs and stabilize local school district funding. The District spent \$.6 million of ARRA funds through June 30, 2009, and an additional \$40.5 million during fiscal year 2010. The infusion of ARRA funding has allowed the District to maintain instructional support in a time when there would otherwise have been significant budget reductions. Plans are underway to make sure the District does not experience a funding cliff when the stimulus funding rolls off next year.

Capital Outlay Program

During the current fiscal year, the District completed the replacement of one K-8 school.

Over the next fiscal year, the District is planning to start major construction of one new middle school and one new specialty school. For the second fiscal year, the District is planning to start major construction of one new elementary school.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting, and the Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2009. This was the seventh year the District has received these prestigious awards. In order to be awarded the GFOA's Certificate of Achievement for Excellence in Financial Reporting and ASBO's Certificate of Excellence in Financial Reporting, the District must publish an easily readable and efficiently organized CAFR. This report satisfied both generally accepted accounting principals (GAAP) and applicable legal requirements.

The Certificate of Achievement and Certificate of Excellence are valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement and Certificate of Excellence program requirements and we are submitting it to the GFOA and ASBO to determine its eligibility for another certificate.

The preparation and completion of this report on a timely basis was made possible by the dedicated service of the entire staff of the District's Financial Accounting Department and the audit staff of the accounting firm Cherry, Bekaert & Holland, L.L.P. Each member of the Financial Accounting Department and the audit staff of Cherry, Bekaert & Holland, L.L.P., have our sincere appreciation for the contributions made in the completion of this report.

In closing, we would like to thank the members of the District School Board of Lee County for their leadership and support in planning and conducting the financial operations of the District.

Respectfully submitted,

A handwritten signature in black ink that reads "Lawrence D. Tihen". The signature is written in a cursive style with a large initial 'L'.

Dr. Lawrence D. Tihen
Superintendent

A handwritten signature in black ink that reads "Greta S. Campbell". The signature is written in a cursive style with a large initial 'G'.

Mrs. Greta S. Campbell
Executive Director of Financial Services



Steven K. Teuber, J.D.
Chairman, District 4



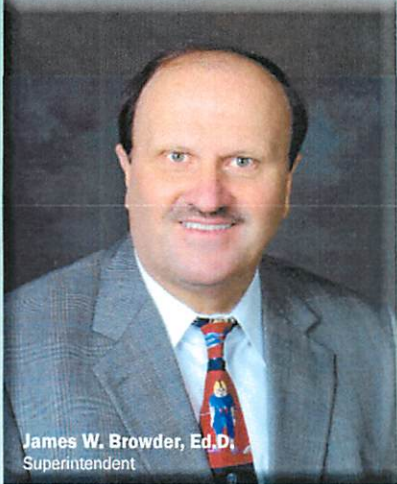
Elinor C. Scricca, Ph.D.
Vice Chairman, District 5



Jeanne S. Dozier
District 2



Jane E. Kuckel, Ph.D.
District 3



James W. Browder, Ed.D.
Superintendent

Board Member
District 1 (TBA)



THE SCHOOL DISTRICT OF LEE COUNTY

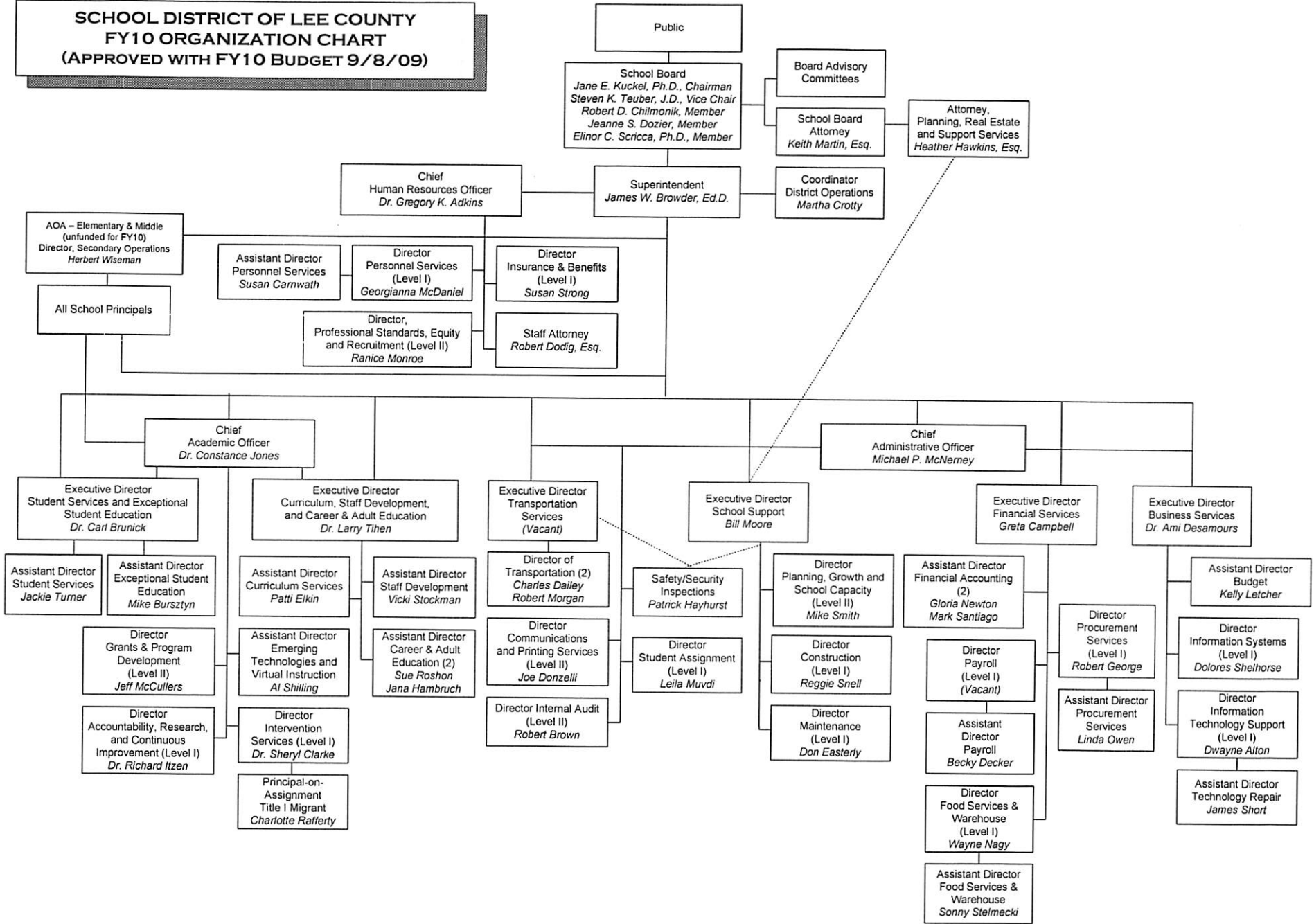
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Fort Myers, FL 33966-1012
239.334.1102

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**THE DISTRICT SCHOOL BOARD OF LEE COUNTY, FLORIDA
SUPERINTENDENT AND PRINCIPAL DISTRICT OFFICIALS**

Dr. James W. Browder	Superintendent
Dr. Constance Jones	Chief Academic Officer Academic Services
Mr. Michael McNerney	Chief Administrative Officer Administrative Services
Dr. Gregory Adkins	Chief Human Resources Officer Human Resources and Employee Relations
Mr. William G. Moore, Jr.	Executive Director School Support Services
Dr. Carl Brunick	Executive Director Student Services and Exceptional Student Education
Dr. Larry Tihen	Executive Director Curriculum, Quality and Staff Development
Mrs. Greta Campbell	Executive Director Financial Services
Dr. Ami Desamours	Executive Director Business Services
Mrs. Georgianna McDaniel	Director Personnel Services
Ms. Delores Shelhorse	Director Information Systems
Mr. Wayne Nagy	Director Food Service & Warehouse
TBA	Assistant Director Procurement Services
Mrs. Rebecca Decker	Assistant Director Payroll
Mr. Dwayne Alton	Director Information Technology Support

**SCHOOL DISTRICT OF LEE COUNTY
FY10 ORGANIZATION CHART
(APPROVED WITH FY10 BUDGET 9/8/09)**



**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

THE SCHOOL DISTRICT OF LEE COUNTY

**For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2009**

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Executive Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

School District of Lee County
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized handwritten signature in black ink.

President

A handwritten signature in black ink that reads "Jeffrey R. Emery".

Executive Director

FINANCIAL SECTION



Report of Independent Certified Public Accountants

The Honorable Members of the School Board
The School District of Lee County, Florida
Fort Myers, Florida

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the School District of Lee County, Florida (the "District"), as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Foundation for Lee County Public Schools, Inc. and the charter schools, which represent 100 percent of the transactions and account balances of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports have been provided to us, and our opinion, insofar as they relate to the amounts included for the District's aggregate discretely presented component units, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the 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 School District of Lee County, Florida, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and the State Fiscal Stabilization - Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Notes 1 and 8, the June 30, 2009 Governmental Activities assets and non-current liabilities have been restated to reflect the effects of adopting GASB No. 53: *Accounting and Financial Reporting for Derivative Instruments*. We audited the adjustments necessary to restate the June 30, 2009 net balances provided in Note 1. In our opinion, such adjustments are appropriate and have been properly applied.

In accordance with *Government Auditing Standards*, we have also issued our report, dated December 13, 2010, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and on pages 16 through 32 and the Schedule of Funding Progress – Other Postemployment Benefits on page 82 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, the combining and individual fund financial statements and schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is also presented for the purpose of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. The combining and individual fund financial statements and schedules, including the schedule of expenditures of federal awards, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Cherry, Behant & Holland, L.L.P.

Tampa, Florida
December 13, 2010

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of The School District of Lee County's Comprehensive Annual Financial Report presents Management's discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2010. Please read it in conjunction with the District's Financial Statements, which immediately follow this section.

Financial Highlights

- District's assets exceeded its liabilities by \$1,242,166,919 at fiscal year ending June 30, 2010.
- Net assets of the District decreased by \$7,511,283, or .6 percent comparison to the 2008-09 fiscal year.
- The District's Government-wide revenues totaled \$822,546,049, comprised of general revenues of \$775,510,632 or 94.3 percent of the total revenues, program specific revenues from charges for services, operating grants and contributions, and capital grants and contributions, totaling \$47,035,417 or 5.7 percent of the total revenues.
- Expenses incurred by the District totaled \$830,057,332 for governmental related activities. Program specific revenues offset these expenses by \$47,035,417 and general revenues funded the majority of the remaining difference.
- The District's governmental funds reported combined ending balances of \$403,912,307 or a decrease of \$20,686,627 or 4.9 percent in 2009-10 fiscal year in comparison with the prior year.
- The unreserved fund balance of the General Fund, representing the net current financial resources available for general appropriation by the Board, totaled \$113,934,986, at June 30, 2010, or 19.3 percent of total General Fund expenditures.
- The General Fund total fund balance as of June 30, 2010, totaled \$134,072,604, a 21.8 percent increase in comparison to the 2008-09 fiscal year total of \$110,076,034. The increase in total fund balance of the General Fund is mainly attributed to the increase in state grants and local miscellaneous revenues of \$24,643,979.
- The District's investment in capital assets (net of accumulated depreciation) decreased by \$12,453,757 or .9 percent.

Overview of the Financial Statements

The Financial Section of this Comprehensive Annual Financial Report consists of three parts: Management's Discussion and Analysis, the Basic Financial Statements, and other supplementary section that presents combining statements for Nonmajor Governmental Funds, Internal Service Funds, and Component Units. The Basic Financial Statements include several statements that present different views of the District:

- The first two statements are *Government-wide Financial Statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *Fund Financial Statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the Government-wide statements.
- The *Governmental Funds Statements* tell how basic services, such as regular and special education, were financed in the *short term* as well as what remains for future spending.
- The *General Fund's Statement of Revenues, Expenditures and Changes in Fund Balance- Budget vs. Actual* is presented for the primary operating fund of the District.
- The *Proprietary Funds Statements* offer *short-term* and *long-term* financial information about the activities the District operates as Internal Service Funds, such as self-insurance.
- The *Fiduciary Funds Statements* provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others.

The Basic Financial Statements also include notes that explain information in the statements and provide more detailed data. The statements are followed by a section of other supplementary information that further explains and supports the Basic Financial Statements with combining and individual statements that provide details about our Nonmajor Governmental Funds. Combining statements for the District's discretely presented component units are also included. Also, the supplemental section includes Schedules of Budget vs. Actual for each Governmental Fund. Figure A-1 on the following page shows how the various parts of this report are arranged and related to one another.

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Figure A-2 summarizes the major features of the District’s Basic Financial Statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of Management’s Discussion and Analysis highlights the structure and contents of each of the statements.

Figure A-2

Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as delivery of student instruction and building maintenance.	Activities the District operates similar to private businesses.	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies.
Required Financial Statements	Statement of Net Assets Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Assets Statement of Revenues, Expenditures, and Changes in Net Assets Statement of Cash Flows	Statement of Fiduciary Assets and Liabilities
Accounting basis and measurement focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial focus.	Accrual accounting and economic resources focus.	Accrual accounting and economic resources focus.
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term.	Generally assets expected to be used and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included.	All assets and liabilities, both financial and capital, short-term and long-term.	All assets and liabilities, both financial and capital, short-term and long-term; funds do not currently contain capital assets, although they can.
Type of in-flow/out-flow information	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and deductions during the year, regardless of when cash is received or paid.

Government-Wide Statements

The Government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of net assets includes all of the District's non-fiduciary assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid. The two Government-wide statements report the District's *net assets* and *how they have changed*. Net assets (the difference between the District's assets and liabilities) are one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of the school buildings and other facilities, must be considered.

In the Government-wide statements, the District's activities are divided into two categories:

Governmental Activities: Most of the District's basic services are included here, such as student instruction, transportation, maintenance and operations, and administration. Property taxes and State aid finance most of these activities. The Lee County School Board Leasing Corporation Inc., (Leasing Corporation) although legally separate, was formed December 17, 2003, to facilitate financing for the acquisition of facilities and equipment. Due to a substantive economic relationship between the District and the Leasing Corporation, the Leasing Corporation has been included as an integral part of the primary government. Separate financial statements for the Leasing Corporation are not published.

Component Units: The District includes seventeen other entities in its report – The Foundation for Lee County Public Schools, Inc., Bonita Preparatory and Fitness Academy, Bonita Springs Charter School, Cape Coral Charter School, Coronado High School, Fort Myers Preparatory and Fitness Academy, Gateway Charter Elementary School, Gateway Charter Intermediate School, Gateway High Charter School, Goodwill Academies of Southwest Florida, Inc., The Island School, Inc, Lee Charter Academies, Inc., Lee Alternative Charter High School, L.I.F.E. Skills Center Lee County, Inc., North Nicholas High School, Richard Milburn Academy of Florida, Inc., and Six Mile Charter School. Although legally separate, these “component units” are important because the District is financially accountable.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or “major” funds – not the District as a whole. Funds are accounting devices used to track specific sources of funding and spending on particular programs.

- Some funds are required by State law and bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts), or to show that it is properly using certain revenues (such as Federal grants).

The District has three kinds of funds:

Governmental Funds

Most of the District's basic services, such as instruction and facilities acquisition and construction, are included in governmental funds. These funds generally focus on 1) how cash and other financial assets can readily be converted to cash flow in and out, and 2) the balances left at year-end that are available for spending. Consequently, the governmental funds statement provides a detailed, short-term view that assists the reader in determining whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, a reconciliation is provided for both the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balance which explains the relationships and/or differences between the funds.

Proprietary Funds

Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide statements. The District uses two *Internal Service Funds* (a type of proprietary fund), to report activities that provide supplies and services for its other programs and activities.

Fiduciary Funds

The District is the trustee, or *fiduciary*, for assets that belong to others, such as the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for the intended purposes. The District excludes these activities from the Government-wide statements because it cannot use these funds to finance its operations.

Financial Analysis of the District (Primary Government) as a Whole

Net Assets. The District's *combined* net assets were smaller on June 30, 2010, than they were the previous year, as restated, decreasing \$7.5 million, or .6 percent to \$1,242.2 million (see Figure A-3). By far, the largest portion of the District's net assets, \$903.5 million (72.7 percent) reflects its investment in capital assets (e.g., land, construction in progress, buildings, improvements, equipment, motor vehicles, software and audio visual materials), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to house and educate the students of Lee County, Florida; 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.

An additional portion of the District's net assets, \$278.4 million (22.4 percent), represents resources that are subject to external restrictions on how they may be used. The remaining net assets, \$60.3 million (4.9 percent), are unrestricted assets. Unrestricted net assets may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the District is able to report positive balances in all categories of net assets. The same situation held true for the prior fiscal year.

Figure A-3

Condensed Statement of Net Assets (in millions of dollars)

	Governmental Activities		Total Percentage Change
	2009 (Restated)	2010	
Current and Other Assets	\$ 546.3	\$ 518.2	(5.1)%
Capital Assets	1,434.6	1,422.1	(0.9)%
Total Assets	1,980.9	1,940.3	(2.0)%
Long-Term Debt Outstanding	659.6	630.0	(4.5)%
Other Liabilities	71.6	68.1	(4.9)%
Total Liabilities	731.2	698.1	(4.5)%
Net Assets			
Invested in Capital Assets, net of related debt	889.7	903.5	1.6%
Restricted	325.5	278.4	(14.5)%
Unrestricted	34.5	60.3	74.8%
Total Net Assets	\$ 1,249.7	\$ 1,242.2	(0.6)%

The District's worsened financial position is the product of many factors, but the most significant decreases are due to:

- A decrease in property tax revenue; and
- Decreases in state capital outlay revenue.

Changes in Net Assets. The District's total revenue decreased 4.1 percent to \$822.5 million (see Figure A-4). Property taxes and other Federal and State sources, accounted for most of the District's revenue, contributing about 84 cents of every dollar raised (see Figure A-5). Another ten percent came from Florida Education Finance Program and operating grants and contributions, with the remainder from capital grants and contributions, fees charged for services, investment earnings and other sources.

The total cost of all programs and services increased 0.5 percent to \$830.0 million. Ninety percent of the District's expenses are related to student instruction, student services, and maintenance of schools (see Figure A-6). The District's administrative activities, including school administration, accounted for ten percent of total costs. The \$25.5 million increase in facilities services was derived largely from district wide non capitalized equipment purchases, existing school HVAC, plumbing and electrical improvements for energy efficiency and post production district software support.

Total expenses surpassed revenues, decreasing net assets \$7.5 million and contributing to the District's worsen financial condition.

Figure A-4

Changes in Net Assets from Operating Results (in millions of dollars)

	Governmental Activities		Total Percentage Change
	2009	2010	
<i>Revenues</i>			
Program Revenues			
Charges for Services	\$ 17.1	\$ 15.3	(10.5)%
Operating Grants and Contributions	41.0	24.4	(40.5)%
Capital Grants and Contributions	18.5	7.3	(60.5)%
General Revenues			
Property Taxes	585.3	495.2	(15.4)%
Florida Education Finance Program	17.8	55.8	213.5%
Other Federal Sources	50.7	92.3	82.1%
Other State Sources	118.8	110.8	(6.7)%
Other Local Sources	9.4	15.9	69.1%
Investment Earnings	(1.3)	5.5	523.1%
Total Revenues	857.3	822.5	(4.1)%
<i>Expenses</i>			
Instruction	425.5	417.1	(2.0)%
Pupil Personnel Services	27.9	26.7	(4.3)%
Instructional Media Services	6.4	4.8	(25.0)%
Instruction & Curriculum Development Services	15.0	13.4	(10.7)%
Instructional Staff Training Services	9.9	11.2	13.1%
Instructional Related Technology	4.7	4.6	(2.1)%
Board	0.9	0.8	(11.1)%
General Administration	3.9	4.2	7.7%
School Administration	43.9	41.4	(5.7)%
Facilities Services	81.3	106.8	31.4%
Fiscal Services	3.8	3.7	(2.6)%
Food Services	28.5	27.6	(3.2)%
Central Services	8.4	9.1	8.3%
Pupil Transportation Services	47.0	46.1	(1.9)%
Operation of Plant	66.6	64.9	(2.6)%
Maintenance of Plant	15.8	15.4	(2.5)%
Administrative Technology Services	4.8	4.8	(0.0)%
Community Services	5.9	4.2	(28.8)%
Interest on Long-Term Debt	25.3	23.2	(8.3)%
Total Expenses	825.5	830.0	0.5%
Increase in Net Assets	31.8	(7.5)	(123.6)%
Net Assets, Beginning	1,217.9	1,249.7	2.6%
Net Assets, Ending	\$ 1,249.7	\$ 1,242.2	(0.6)%

Figure A-5

Sources of Revenues for Fiscal Year 2010

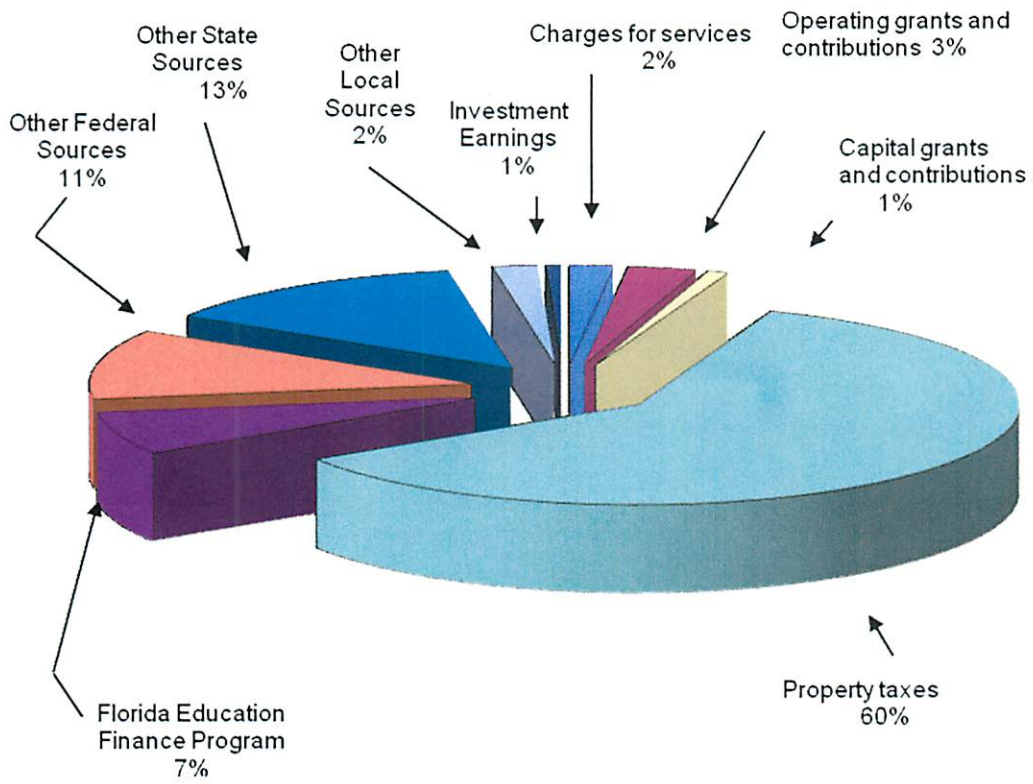
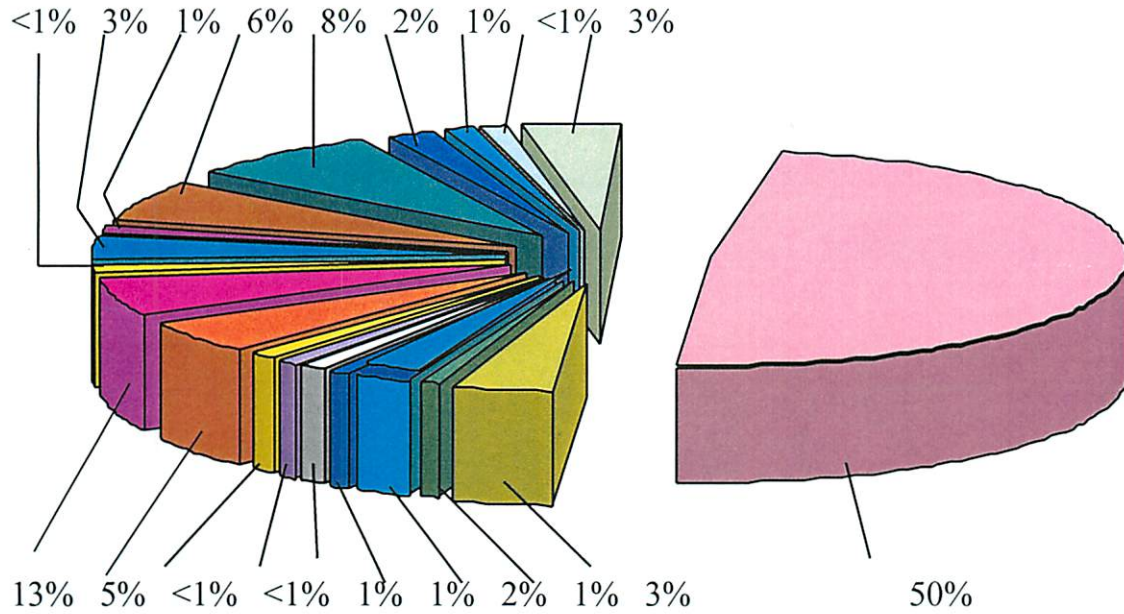


Figure A-6

Expenses for Fiscal Year 2010



- Instruction - 50%
- Pupil Personnel Services - 3%
- Instructional Media Services - 1%
- Instruction and Curriculum Development Services - 2%
- Instructional Staff Training Services - 1%
- Instructional Related Technology - 1%
- Board <1%
- General Administration - <1%
- School Administration - 5%
- Facilities Services - 13%
- Fiscal Services - <1%
- Food Services - 3%
- Central Services - 1%
- Pupil Transportation Services - 6%
- Operation of Plant - 8%
- Maintenance of Plant - 2%
- Administrative Technology Services - 1%
- Community Services - <1%
- Interest on Long-Term Debt - 3%

Governmental Activities

Revenues for the District's governmental activities decreased 4.1 percent, while expenses increased 0.6 percent. The decrease in net assets for governmental activities was \$7.5 million in 2010.

Figure A-7 presents the cost of the District's activities. The table also shows each activity's *net cost* (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the taxpayers by each of these functions.

Figure A-7

Net Cost of Governmental Activities, Primary Government (in millions of dollars)

	Total Cost of Services		Percentage	Net Cost of Services		Percentage
	2009	2010	Change	2009	2010	Change
Instruction	\$ 425.5	\$ 417.1	(2.0)%	\$ (417.6)	\$ (409.6)	(1.9)%
Pupil Personnel Services	27.9	26.7	(4.3)%	(27.9)	(26.7)	(4.3)%
Instructional Media Services	6.4	4.8	(25.0)%	(6.4)	(4.8)	(25.0)%
Instruction & Curriculum Development Services	15.0	13.4	(10.7)%	(15.0)	(13.4)	(10.7)%
Instructional Staff Training Services	9.9	11.2	13.1%	(9.9)	(11.2)	13.1%
Instructional Related Technology	4.7	4.6	(2.1)%	(4.7)	(4.6)	(2.1)%
Board	0.9	0.8	(11.1)%	(0.9)	(0.8)	(11.1)%
General Administration	3.9	4.2	7.7%	(3.9)	(4.2)	7.7%
School Administration	43.9	41.4	(5.7)%	(43.9)	(41.4)	(5.7)%
Facilities Services	81.3	106.8	31.4%	(65.0)	(101.9)	56.8%
Fiscal Services	3.8	3.7	(2.6)%	(3.8)	(3.7)	(2.6)%
Food Services	28.5	27.6	(3.2)%	1.2	4.2	250.0%
Central Services	8.4	9.1	8.3%	(8.4)	(9.1)	8.3%
Pupil Transportation Services	47.0	46.1	(1.9)%	(26.5)	(45.6)	72.1%
Operation of Plant	66.6	64.9	(2.6)%	(66.6)	(64.9)	(2.6)%
Maintenance of Plant	15.8	15.4	(2.5)%	(15.8)	(15.4)	(2.5)%
Administrative Technology Services	4.8	4.8	(0.0)%	(4.8)	(4.8)	(0.0)%
Community Services	5.9	4.2	(28.8)%	(5.9)	(4.2)	(28.8)%
Interest on Long-Term Debt	25.3	23.2	(8.3)%	(23.0)	(20.9)	(9.1)%
Total	\$ 825.5	\$ 830.0	0.5%	\$ (748.8)	\$ (783.0)	4.6%

The cost of all governmental activities this year was \$830.0 million.

Part of the cost was financed by the users of the District's programs (\$15.3 million).

The Federal and State governments subsidized certain programs with grants and contributions (\$31.7 million).

However, most of the District's costs (\$783.0 million) were financed by District and State taxpayers. This portion of governmental activities was financed with \$495.2 million from property taxes and \$274.8 million of unrestricted FEFP based on the statewide education aid formula, and other federal, state, and local sources.

Financial Analysis of the District's Funds

The focus of the 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. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As the District completed the year, its Governmental Funds reported combined fund balances of \$403.9 million, which is below last year's ending fund balances of \$424.6 million. Unreserved fund balance of \$372.3 million represents 92.2 percent of the ending fund balances and is available to meet the District's short-term spending needs within the corresponding fund types. The remainder of fund balance is reserved to indicate that it is not available for new spending, because it has already been committed: 1) to liquidate contracts and purchase orders outstanding at year-end of \$12.2 million; 2) to liquidate inventory of \$1.8 million; 3) to pay debt service of \$.6 million; and 4) to fund state categorical programs of \$17.1 million.

Five of the eleven Governmental Funds had less revenue and other financing sources than expenditures and other financing uses in 2010, thereby contributing to the decrease in total fund balance. Most significantly, \$50.5 million of capital outlays connected with construction remodeling and renovation of various schools were expended in the current year using prior year resources. Some funds reflect increases (\$29.8 million) between current year revenues and expenditures. General Funds contributed \$24 million because current year resources were not expended in the current year due to conservative spending.

The *General Fund* is the District's chief operating fund. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$113.9 million, while total fund balance reached \$134.1 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total expenditures. Unreserved fund balance represents 19.3 percent of total General Fund expenditures, while total fund balance represents 22.7 percent of that same amount. During the current fiscal year, the fund balance of the General Fund increased by \$24 million. A key factor in this increase was a \$9.7 increase in state grant revenue and a \$6.8 million increase in local miscellaneous revenue.

The *ARRA Economic Stimulus Fund* is used to account for the resources generated by Federal Stimulus funds for use in key education areas such as instruction of students with disabilities, services for low-income students and the stabilization of local school district funding. The fund did not have a fund balance at the end of the fiscal year due to the fact that revenue is recognized for federal grants to the extent that eligible expenditures have been incurred.

The *Certificates of Participation Debt Service Fund* is used to account for the resources accumulated and payments made for principal, interest, and related costs on the long-term Certificates of Participation. The reserved fund balance at the end of fiscal year 2010 was \$0.2 million, an increase of \$.1 million from the prior fiscal year. The reason for this increase is the decrease in related costs payments on the long-term Certificates of Participation.

The *Local Capital Improvement Tax Capital Projects Fund* is used to account for the resources generated by the local capital improvement tax to be used for educational capital outlay needs. At June 30, 2010, the total fund balance was \$164.9 million. This was a decrease of \$40.3 million over the prior fiscal year. The reason for this decrease was because prior year resources were used to finance current year expenditures.

The *Certificates of Participation/Impact Fees/State Grants Capital Projects Fund* is used to account for the resources generated by various sources for educational capital outlay needs, including new construction and renovation and remodeling projects as specified in statute, ordinance, or contract. The total fund balance for this fund at the end of the current fiscal year was \$88.2 million, a decrease of \$5.3 million from the prior fiscal year. The primary reason for this change was because prior year resources were used to finance current year expenditures.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual budget several times. These budget amendments generally fall into two categories:

Amendments Related to Changes in Revenue Estimates.

Throughout the school year, the District received revised calculations in the FEFP (Florida Education Finance Program – the funding formula for Florida school districts), based on changes in student counts, state revenue estimates, and local tax roll estimates. With each calculation, the budget is amended to reflect the current revenue estimates provided in the FEFP. The District will also amend revenues in the General Fund for new State grants. Revenue revisions occurred in local revenue as well. The district budgets 95% of projected property tax revenues at the onset of each budget year, as required by law, and collections are generally higher. Revenue from real estate taxes was \$4.6 million greater than the final amended budget for fiscal year 2010. Interest income was greater than the final amended budget by \$2.9 million due to the unrecognized gain on fair market value of investments and \$7.6 million in other local sources due to the collection of a Microsoft settlement and cell tower rental fees.

Amendments to Modify Appropriations.

Throughout the fiscal year, the District may increase appropriations for new grants and unanticipated expenditures such as hurricane damage.

Each school and department is allowed to modify its existing budget to meet its operational needs throughout the school year. An example of this type of amendment would be to move appropriations from purchased supplies to textbooks in order to acquire new textbooks for the art class.

Budgeted expenditures were increased \$6.7 million from the original budget to the final amended budget to account for increases in employee salaries and benefits.

- Although the District's final budget for the General Fund anticipated that expenditures would exceed revenues and other financing sources by approximately \$62.5 million, the actual results for the year show that revenues exceeded expenditures by \$24.0 million.
- The actual expenditures were \$69.0 million below budgeted levels. Actual expenditures for instruction were more than \$40.4 million below budgeted levels due to conservative spending at the schools.
- Actual expenditures for pupil transportation and operation of plant were \$13.0 million below budgeted levels due to conservative spending.

Capital Assets and Debt Administration

Capital Assets

By the end of 2010, the District had a net invested \$1,422.1 million in a broad range of assets, including land, school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices (see Figure A-8). This amount represents a net decrease of \$12.5 million, or .9 percent, from last year. Additions to land, buildings, land improvements, equipment and furniture amounted to \$92.2 million for the fiscal year. Total depreciation expense for the year exceeded \$48.3 million. (More detailed information about capital assets can be found in Note 5 to the Basic Financial Statements.)

Figure A-8

Capital Assets (net of depreciation, in millions of dollars)

	Governmental Activities		Total Percentage Change
	2009	2010	
Land	\$ 168.9	\$ 168.9	0.0%
Improvements Other Than Buildings	30.9	29.9	(3.2)%
Construction in Progress	70.3	12.3	(82.5)%
Buildings	1,078.4	1,132.8	5.0%
Furniture, Fixtures and Equipment	23.2	22.8	(1.7)%
Motor Vehicles	35.7	30.5	(14.6)%
Audio Visual Materials and Software	27.2	24.9	(8.3)%
Total	\$ 1,434.6	\$ 1,422.1	(0.9)%

The District's approved five-year Capital Outlay Plan includes 3 new schools over the next five years. The District's student enrollment has grown over the last several years – 6.8 percent since 2006 for a present enrollment of 80,483 students.

The District's capital projects budget shows spending another \$343.8 million in the 2010-11 fiscal year for capital projects, principally in four areas:

- 1) \$199.2 million to begin the construction of one new public safety training center , six school renovations and to complete the construction of seven new schools, one school additions , and six school renovations.
- 2) \$22.6 million to continue the upgrade of technology equipment.
- 3) \$44.0 million for school maintenance.

Long-Term Debt

At year-end, the District had \$535.2 million in COPS, SBE bonds, and Notes outstanding, a decrease of 4.8 percent from last year, as shown in Figure A-9. (More detailed information about the District's long-term liabilities is presented in Note 7 to the Basic Financial Statements.)

Figure A-9

Outstanding Long-Term Debt (in millions of dollars)

	Total School District		Total Percentage Change
	<u>2009 (Restated)</u>	<u>2010</u>	
Certificates of Participation and Note Payables (financed with property taxes)	\$ 543.8	\$ 518.6	(4.6%)
State School Bonds (financed with specific taxes & fee revenues)	18.2	16.6	(8.8%)
Total	\$ 562.0	\$ 535.2	(4.8%)

During the year, \$29.2 million in old debt was refunded.

The District continues to retire its outstanding debt as it becomes due, retiring \$26.9 million of outstanding certificates of participation and bonds during the 2009-10 fiscal year.

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Factors Bearing on the District's Future

At the time these Financial Statements were prepared, the District was aware of seven existing circumstances that could significantly affect its financial health in the future:

- The State of Florida funds the District through the Florida Education Finance Program (FEFP) which is based on student enrollment. Starting in fiscal year 1999-00 through fiscal year 2007-08, the District grew at a steady pace as enrollment increased by 3,600 – 5,000 students per year. Starting in fiscal year 2007-08, and continuing through fiscal year 2009-10, revenue to the District through the FEFP declined due to the slowing of growth as well as state funding shortfalls. In fiscal year 2010-11, we are anticipating an increase in enrollment which will increase the dollars from the state.
- In fiscal year 2011, property values declined for the third year in a row. As a result, the millage rate has increased in each of the past three years. In fiscal year 2010-11, the Board can vote by super majority to levy up to .25 mills to supplement declining general fund revenue. Capital millage will decrease from the maximum 1.50 mills to 1.25 to prevent any board imposed tax increase. The required local effort millage in fiscal year 2009-10 and subsequent years includes a prior year funding adjustment millage. When the final property tax roll is less than what was certified at the beginning of the year, state statute provides that Districts must levy an additional millage in the subsequent year to recover revenues lost because of the decreased tax roll.
- The total consolidated budget for the Lee County School District for fiscal year 2010-11 year is 3 percent less than the fiscal year 2009-10 amended budget and approximately 7 percent less than the fiscal year 2008-09 budget. In fiscal year 2010-11, total FEFP revenues increased by less than 1/2 percent. Total FEFP dollars are comprised of dollars given by the state and dollars raised at the local level through property taxes. Because the portion of local revenue decreased substantially due to another year of declining tax rolls, the state's portion of our FEFP increased by 13.84 percent from 2009-10.
- The District faces several budgetary challenges for fiscal year 2010-11: class size compliance, temporary funding, and mid-year prorations.
 1. The legislature decided to continue on the path to full class size compliance and the District is obligated to meet class size on a class by class basis beginning with the 2011 school year. This necessitated additional funds to hire teachers for this mandate. In November, the voters were presented with an amendment to the class size initiative that would have required a school wide average rather than a class by class average. The voters failed to amend the requirement. The District has hired additional resourced and is in compliance with the class size legislation on a class by class basis.
 2. In addition, in fiscal year 2010-11, the District will have the benefit of a second year of stimulus funds. Over two years, \$89 million in stimulus funds have flowed to the District and the District is preparing for fiscal year 2011-12 when the funds are gone.
 3. Prorations (loss of funding due to state revenue shortfalls) are still possible in fiscal year 2010-11. The District has suffered prorations in each of the last two years, and expects that we will again. Revenue has been set aside to cover these potential budget cuts.

- On January 29, 2009, Florida voters passed Amendment One, increasing the homestead exemption. While we estimate that this amendment will cost our school district over \$65 million over five years, the governor guaranteed to hold school districts harmless and replace this funding with state funding.
- The Florida Economic Estimating Conference met in July of 2010 to revise the forecast for the state's economy. As further updated by the Legislative Office of Economic and Demographic Research, the latest baseline forecast - absent any oil spill effects – is cautiously optimistic. Underlying the forecast is the assumption that the extreme financial and economic stress experienced over the last few years reached its bottom sometime during the spring of 2010. Months of modest growth are expected before full recovery begins in earnest in the spring of 2011. Along the way, some sputtering and false starts are to be expected.
- The Support Personnel Association of Lee County (SPALC), Teachers Association of Lee County (TALC), and the District Bargaining Teams are currently in negotiations. Using the Interest Based Bargaining Process the Teams have previously agreed to the following:
 - The length of the SPALC contract is three (3) years (fiscal years 2009-2012) with annual re-openers during the 2009-2010 and 2010-2011 contract years. The parties agree to commence negotiations for a successor agreement no later than March 1, 2012.
 - The length of the TALC contract was one (1) year (fiscal year 2009-2010). The parties are currently negotiating a successor agreement.

Contacting the District's Financial Management

This Annual Financial Report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Director of Financial Accounting, The School District of Lee County, 2855 Colonial Blvd., Fort Myers, Florida 33966.

BASIC FINANCIAL STATEMENTS

THE SCHOOL DISTRICT OF LEE COUNTY
STATEMENT OF NET ASSETS
June 30, 2010

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>	<u>Component</u> <u>Units</u>	<u>Total</u> <u>Reporting</u> <u>Unit</u>
ASSETS			
Cash	\$ 36,951,863	\$ 8,298,311	\$ 45,250,174
Investments	459,597,873	-	459,597,873
Accounts Receivable	324,774	2,393,767	2,718,541
Deposits Receivable	-	295,707	295,707
Taxes Receivable	1,889,938	-	1,889,938
Due from other Agencies	9,564,567	133,576	9,698,143
Inventory	1,843,962	-	1,843,962
Prepaid Expenses	-	726,520	726,520
Capital Credits Receivable	6,675,080	-	6,675,080
Restricted assets:			
Cash with Fiscal Agent	310,000	-	310,000
Noncurrent Assets:			
Deferred outflow of Resources	1,062,914	-	1,062,914
Capital assets:			
Non-depreciable	181,224,101	-	181,224,101
Depreciable, net	1,240,898,797	69,188,601	1,310,097,398
Total assets	<u>1,940,343,869</u>	<u>81,046,482</u>	<u>2,021,390,351</u>
Total assets			
LIABILITIES AND NET ASSETS			
LIABILITIES			
Salaries and Wages Payable	2,913,499	1,875,192	4,788,691
Payroll Deductions and Withholdings	8,711,617	-	8,711,617
Accounts Payable	7,389,162	2,717,191	10,106,353
Construction Contracts Payable	689,201	-	689,201
Construction Contracts Payable - Retainage	1,256,756	-	1,256,756
Matured Principal and Interest Payable	35,130,084	-	35,130,084
Accrued Interest Payable	142,543	-	142,543
Deposits Payable	49,786	-	49,786
Unearned Revenue	11,801,230	26,412	11,827,642
Due to other Agencies	5,407	-	5,407
Noncurrent liabilities:			
Portion due within one year:			
Notes Payable	800,604	227,626	1,028,230
Bonds Payable	1,515,000	-	1,515,000
Obligations under Capital Lease	-	1,400,775	1,400,775
Liability for Compensated Absences	4,145,629	-	4,145,629
Certificates of Participation Payable	25,210,000	-	25,210,000
Estimated Early Retirement Payable	30,000	-	30,000
Estimated Insurance Claims Payable	12,987,121	-	12,987,121
Portion due after one year:			
Notes Payable	7,766,959	200,863	7,967,822
Bonds Payable	15,120,256	-	15,120,256
Obligations under Capital Lease	-	74,671,900	74,671,900
Liability for Compensated Absences	54,976,846	-	54,976,846
Certificates of Participation Payable	483,736,484	-	483,736,484
Derivative Instruments-Hedging	1,062,914	-	1,062,914
Estimated Early Retirement Payable	1,253,000	-	1,253,000
Estimated Insurance Claims Payable	8,708,089	-	8,708,089
Postemployment Benefits Payable	12,774,763	-	12,774,763
Total liabilities	<u>698,176,950</u>	<u>81,119,959</u>	<u>779,296,909</u>
NET ASSETS			
Invested in Capital Assets, net of related debt	903,539,567	(453,090)	903,086,477
Restricted for:			
Categorical Carryover Programs	17,213,009	-	17,213,009
Debt Service	622,608	-	622,608
Capital Projects	249,533,774	-	249,533,774
Other Purposes	10,994,914	1,208,007	12,202,921
Unrestricted	<u>60,263,047</u>	<u>(828,394)</u>	<u>59,434,653</u>
Total net assets	<u>\$ 1,242,166,919</u>	<u>\$ (73,477)</u>	<u>\$ 1,242,093,442</u>

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

THE SCHOOL DISTRICT OF LEE COUNTY
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2010

FUNCTIONS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Units	Total Reporting Unit
Governmental activities:							
Instruction	\$ 417,050,879	\$ 7,419,332	\$ -	\$ -	\$ (409,631,547)	\$ -	\$ (409,631,547)
Pupil Personnel Services	26,709,653	-	-	-	(26,709,653)	-	(26,709,653)
Instructional Media Services	4,827,097	-	-	-	(4,827,097)	-	(4,827,097)
Instruction and Curriculum Development Services	13,444,598	-	-	-	(13,444,598)	-	(13,444,598)
Instructional Staff Training Services	11,214,029	-	-	-	(11,214,029)	-	(11,214,029)
Instruction Related Technology	4,619,892	-	-	-	(4,619,892)	-	(4,619,892)
Board	790,180	-	-	-	(790,180)	-	(790,180)
General Administration	4,216,080	-	-	-	(4,216,080)	-	(4,216,080)
School Administration	41,351,915	-	-	-	(41,351,915)	-	(41,351,915)
Facilities Services	106,859,204	-	-	4,994,541	(101,864,663)	-	(101,864,663)
Fiscal Services	3,741,286	-	-	-	(3,741,286)	-	(3,741,286)
Food Services	27,578,058	7,439,254	24,381,950	-	4,243,146	-	4,243,146
Central Services	9,077,173	-	-	-	(9,077,173)	-	(9,077,173)
Pupil Transportation Services	46,101,766	511,233	-	-	(45,590,533)	-	(45,590,533)
Operation of Plant	64,865,149	-	-	-	(64,865,149)	-	(64,865,149)
Maintenance of Plant	15,418,759	-	-	-	(15,418,759)	-	(15,418,759)
Administrative Technology Services	4,751,386	-	-	-	(4,751,386)	-	(4,751,386)
Community Services	4,249,023	-	-	-	(4,249,023)	-	(4,249,023)
Interest and Fiscal Charges on Long-term Debt	23,191,205	-	-	2,289,107	(20,902,098)	-	(20,902,098)
Total governmental activities	830,057,332	15,369,819	24,381,950	7,283,648	(783,021,915)		(783,021,915)
Total primary government	\$ 830,057,332	\$ 15,369,819	\$ 24,381,950	\$ 7,283,648	(783,021,915)		(783,021,915)
Component units:							
Charter Schools	55,894,764	1,075,096	2,134,935	3,253,349	-	(49,431,384)	(49,431,384)
The Foundation for Lee Public Schools, Inc	1,741,018	-	1,640,562	-	-	99,544	99,544
Total component units	\$ 57,635,782	\$ 1,075,096	\$ 3,975,497	\$ 3,253,349		(49,331,840)	(49,331,840)
General Revenues:							
Taxes:							
Property Taxes, Levied for Operational Purposes					395,734,805	-	395,734,805
Property Taxes, Levied for Capital Projects					99,477,337	-	99,477,337
Florida Education Finance Program					55,848,837	-	55,848,837
Other Federal Sources Not Restricted to Specific Programs					92,253,295	137,151	92,390,446
Other State Sources Not Restricted to Specific Programs					110,824,472	49,381,374	160,205,846
Other Miscellaneous Sources Not Restricted to Specific Programs					15,859,537	801,496	16,661,033
Unrestricted Investment Earnings					5,512,349	4,894	5,517,243
Total General Revenues					775,510,632	50,324,915	825,835,547
Change in Net Assets					(7,511,283)	993,075	(6,518,208)
Net Assets - July 1, 2009					1,249,678,202	(1,066,552)	1,248,611,650
Net Assets - June 30, 2010					\$ 1,242,166,919	\$ (73,477)	\$ 1,242,093,442

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

**THE SCHOOL DISTRICT OF LEE COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2010**

	General Fund	Special Revenue Fund ARRA Economic Stimulus	Debt Service Fund Certificates of Participation	Capital Projects Fund Local Capital Improvement Tax	Capital Projects Fund Certificates of Participation/ Impact Fees/State Grants	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash	\$ 2,596,210	\$ -	\$ 5	\$ 14,102,355	\$ 5,185,305	\$ 7,247,895	\$ 29,131,770
Investments	151,149,168	-	35,314,214	155,293,670	81,496,291	5,438,473	428,691,816
Accounts Receivable	279,923	-	-	-	-	24,574	304,497
Taxes Receivable	1,510,818	-	-	379,120	-	-	1,889,938
Due from Other Funds	3,308,420	287,988	-	656,710	4,718	-	4,257,836
Due from Other Agencies	2,113,412	261,130	-	-	2,328,845	4,863,180	9,564,567
Inventory	1,586,790	-	-	-	-	257,172	1,843,962
Total Assets	\$ 162,544,741	\$ 549,118	\$ 35,314,219	\$ 170,431,855	\$ 89,013,159	\$ 17,831,294	\$ 475,684,386
LIABILITIES AND FUND BALANCES							
Salaries and Wages Payable	\$ 2,913,499	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,913,499
Payroll Deductions and Withholdings	8,711,617	-	-	-	-	-	8,711,617
Accounts Payable	5,059,907	441,091	-	1,176,159	1,366	635,437	7,313,960
Matured COPS Payable	-	-	24,690,000	-	-	-	24,690,000
Matured Interest Payable	-	-	10,440,084	-	-	-	10,440,084
Construction Contracts Payable	-	-	-	591,000	-	-	591,000
Construction Contracts Payable - Retainage	-	-	-	1,064,924	180,921	109,112	1,354,957
Deposits Payable	49,786	-	-	-	-	-	49,786
Due to Other Agencies	5,407	-	-	-	-	-	5,407
Due to Other Funds	11,731,921	108,027	-	2,679,735	634,752	547,334	15,701,769
Total Liabilities	28,472,137	549,118	35,130,084	5,511,818	817,039	1,291,883	71,772,079
Fund Balance							
Reserve for:							
State Categorical Program	17,074,505	-	-	-	-	-	17,074,505
Encumbrances	1,476,323	-	-	10,363,353	48,874	333,892	12,222,442
Inventory	1,586,790	-	-	-	-	257,172	1,843,962
Debt Service	-	-	184,135	-	-	438,473	622,608
Unreserved, reported in:							
General Fund	113,934,986	-	-	-	-	-	113,934,986
Special Revenue Funds	-	-	-	-	-	10,158,390	10,158,390
Capital Projects Funds	-	-	-	154,556,684	88,147,246	5,351,484	248,055,414
Total Fund Balances	134,072,604	-	184,135	164,920,037	88,196,120	16,539,411	403,912,307
Total Liabilities and Fund Balances	\$ 162,544,741	\$ 549,118	\$ 35,314,219	\$ 170,431,855	\$ 89,013,159	\$ 17,831,294	\$ 475,684,386

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

**THE SCHOOL DISTRICT OF LEE COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS
June 30, 2010**

Total Fund Balance - Governmental Funds **\$ 403,912,307**

Amounts reported for governmental activities in the statement of net assets 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.

Original cost of capital assets	1,826,229,528	
Accumulated depreciation	(404,106,630)	
	1,422,122,898	1,422,122,898

Deferred outflow of resources are reported as a result of changes in fair value of hedging derivative instruments in the statement of net assets. 1,062,914

Capital credits to be received in future years are not available to liquidate liabilities in governmental funds, but are accrued in the government-wide financial statements. 6,675,080

Long-term liabilities are reported in the statement of net assets but not in the governmental funds because they are not due and payable in the current period. Balances at June 30, were:

Interest payable	(142,543)	
Bonds payable	(16,635,256)	
Certificates of participation payable	(510,009,398)	
Notes Payable	(8,567,563)	
Estimated insurance claims payable	(21,695,210)	
Liability for Compensated Absences	(59,122,475)	
Estimated Early Retirement Payable	(1,283,000)	
Postemployment benefits payable	(12,774,763)	
Subtotal, long-term liabilities	(630,230,208)	(630,230,208)

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds of the district. The assets and liabilities of the internal service funds, which are reported in the proprietary funds rather than the governmental funds, are included in governmental activities in the statement of net assets. The internal service funds net assets are \$16,875,868. This includes \$52,850 in compensated absences and \$21,695,210 in estimated unpaid claims included above. The net amount is as follows:

38,623,928

Total net assets - governmental activities **\$ 1,242,166,919**

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

**THE SCHOOL DISTRICT OF LEE COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES- GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2010**

	General Fund	Special Revenue Fund ARRA Economic Stimulus	Debt Service Fund Certificates of Participation	Capital Projects Fund Local Capital Improvement Tax	Capital Projects Fund Certificates of Participation/Impact Fees/State Grants	Other Governmental Funds	Total Governmental Funds
REVENUES							
Federal Direct Sources	\$ 982,313	\$ 1,400,637	\$ -	\$ -	\$ -	\$ 7,574,247	\$ 9,957,197
Federal Through State Sources	2,707,076	39,061,136	-	-	-	64,397,922	106,166,134
State Sources	161,575,103	-	-	-	5,370,061	4,841,275	171,786,439
Local Sources							
Taxes	395,734,805	-	-	99,477,337	-	-	495,212,142
Miscellaneous	25,519,784	-	1,219	808,042	6,394,042	7,480,408	40,203,495
Total Revenues	586,519,081	40,461,773	1,219	100,285,379	11,764,103	84,293,852	823,325,407
EXPENDITURES							
Current							
Instruction	351,835,535	34,141,809	-	-	-	28,917,825	414,895,169
Pupil Personnel Services	21,722,173	409,143	-	-	-	4,276,558	26,407,874
Instructional Media Services	4,486,766	-	-	-	-	197,654	4,684,420
Instruction and Curriculum Development Services	5,914,077	505,510	-	-	-	6,799,143	13,218,730
Instructional Staff Training Services	3,489,073	3,522,886	-	-	-	4,223,563	11,235,522
Instruction Related Technology Board	4,547,890	-	-	-	-	-	4,547,890
Board	781,919	-	-	-	-	-	781,919
General Administration	2,365,865	393,888	-	-	-	1,453,338	4,233,091
School Administration	41,222,440	778	-	-	-	98,644	41,321,862
Facilities Services	8,074,532	194,024	-	46,446	155,077	347,347	8,817,426
Fiscal Services	3,776,784	-	-	-	-	-	3,776,784
Food Service	-	-	-	-	-	26,979,027	26,979,027
Central Services	8,752,017	-	-	-	-	226,096	8,978,113
Pupil Transportation Services	44,555,800	24,201	-	-	-	310,195	44,890,196
Operation of Plant	64,112,894	5,926	-	-	-	186,879	64,305,699
Maintenance of Plant	15,192,197	-	-	-	-	-	15,192,197
Administrative Technology Services	4,623,126	-	-	-	-	-	4,623,126
Community Services	4,107,807	-	-	-	-	78,765	4,186,572
Capital Outlay							
Facilities Acquisition and Construction	14,228	-	-	70,828,581	11,525,652	5,275,084	87,643,545
Other Capital Outlay	883,645	1,263,608	-	-	-	1,155,499	3,302,752
Debt Service							
Principal	-	-	25,459,448	-	-	1,485,000	26,944,446
Interest and Fiscal Charges	-	-	22,554,289	-	-	852,049	23,406,338
Total Expenditures	590,478,768	40,461,773	48,013,735	70,875,027	11,680,729	82,862,666	844,372,898
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,959,687)	-	(48,012,516)	28,410,352	83,374	1,431,186	(21,047,281)
OTHER FINANCING SOURCES (USES)							
Issuance of Refunding Bonds	-	-	-	-	-	1,285,000	1,285,000
Premium on Refunding Bonds	-	-	1,811,386	-	-	115,038	1,926,424
Certificates of Participation Issued	-	-	26,950,000	-	-	-	26,950,000
Loss Recoveries	323,989	-	-	-	-	6,137	330,126
Transfer In	27,632,268	-	48,052,798	-	-	-	75,685,066
Payments to Refunded COPS Escrow Agent	-	-	(28,742,516)	-	-	(1,388,370)	(30,130,886)
Transfer Out	-	-	-	(69,721,674)	(5,333,671)	(629,721)	(75,685,066)
Total Other Financing Sources (Uses)	27,956,257	-	48,071,668	(69,721,674)	(5,333,671)	(611,916)	360,864
Net Change in Fund Balance	23,896,570	-	59,152	(40,311,322)	(5,250,297)	819,270	(20,686,627)
Fund Balance, Beginning	110,076,034	-	124,883	205,231,359	93,446,417	15,720,141	424,588,834
Fund Balance, Ending	\$ 134,072,604	\$ -	\$ 184,135	\$ 164,920,037	\$ 88,196,120	\$ 16,539,411	\$ 403,912,307

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

**THE SCHOOL DISTRICT OF LEE COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2010**

Net change in fund balances- governmental funds **\$ (20,686,627)**

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlays, net of noncapitalized outlays, and other additions exceed depreciation expense in the current period.

Capital outlays	36,978,561	
Depreciation expense	<u>(48,361,266)</u>	(11,382,705)

In the governmental funds, the cost of capital assets was recognized as an expenditure in the year purchased. Thus, the change in net assets differs from the change in fund balance by the un depreciated cost of the disposed assets. (1,071,051)

Debt proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however issuing debt increases long-term liabilities and does not effect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities.

Debt proceeds	(30,161,424)	
Payment to escrow agent	30,130,886	
Amortization-net	347,594	
Repayments	<u>26,944,445</u>	27,261,501

Because some impact fee will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. They are, however, recorded as revenues in the statement of activities. This represents impact fees to be paid as a result of a settlement relating to litigation. (2,000,000)

The District has recorded vested utility interest revenue in the government-wide statements that does not meet the earned criterion for recognition in the fund financial statements. 934,237

The net change in the early retirement benefit program liability is reported in the government-wide statements, but not in the governmental fund statements. (9,000)

In the governmental funds, interest on long-term debt is recorded as an expenditure when due and payable. In the statement of activities, interest is recorded as it accrues. (132,460)

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 earned in excess of the amount paid in the current period. 5,179,126

The net change in the liability for postemployment health benefits is reported in the government-wide statements, but not in the governmental fund statements. (3,828,215)

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds of the district. The net loss of the internal service funds, of \$ (1,792,242) is reported with governmental activities. This includes \$ 16,152 in compensated absences included above. The net amount is as follows: (1,776,089)

Change in net assets of governmental activities **\$ (7,511,283)**

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

**THE SCHOOL DISTRICT OF LEE COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE- BUDGET TO ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	General Fund			Variance with Final Budget - Under (Over)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Federal Direct Sources	\$ 665,000	\$ 669,946	\$ 982,313	\$ (312,387)
Federal Through State Sources	1,150,000	1,371,900	2,707,076	(1,335,176)
State Sources	164,160,479	162,384,713	161,575,103	809,610
Local Sources				
Taxes	391,100,348	391,100,348	395,734,805	(4,634,457)
Miscellaneous	12,132,452	16,087,021	25,519,784	(9,432,763)
Total Revenues	569,208,279	571,613,928	586,519,081	(14,905,153)
EXPENDITURES				
Current				
Instruction	394,831,062	392,256,770	351,835,535	40,421,235
Pupil Personnel Services	21,306,004	22,221,291	21,722,173	499,118
Instructional Media Services	5,035,509	4,874,761	4,488,766	387,995
Instruction and Curriculum Development Services	5,658,101	5,893,201	5,914,077	79,124
Instructional Staff Training Services	4,076,508	4,391,040	3,489,073	901,967
Instruction Related Technology	4,683,373	4,699,978	4,547,890	152,088
Board	934,765	937,414	781,919	155,495
General Administration	2,756,158	2,748,363	2,385,865	382,498
School Administration	42,609,587	43,115,835	41,222,440	1,893,395
Facilities Services	6,707,743	8,402,443	8,074,532	327,911
Fiscal Services	3,798,130	3,927,069	3,776,784	150,285
Central Services	8,681,560	9,642,513	8,752,017	890,496
Pupil Transportation Services	46,185,086	47,149,052	44,555,800	2,593,252
Operation of Plant	74,283,641	74,556,670	64,112,894	10,443,776
Maintenance of Plant	15,948,207	16,140,106	15,192,197	947,909
Administrative Technology Services	5,176,973	5,185,344	4,623,126	562,218
Community Services	10,138,264	6,262,397	4,107,807	2,154,590
Capital Outlay				
Facilities Acquisition and Construction	-	36,570	14,228	22,342
Other Capital Outlay	-	6,963,016	883,645	6,079,371
Total Expenditures	652,812,671	659,503,833	590,478,768	69,025,065
Deficiency of Revenues Over Expenditures	(83,604,392)	(87,889,905)	(3,959,687)	(83,930,218)
OTHER FINANCING SOURCES				
Loss Recoveries	-	209,082	323,989	(114,907)
Transfer In	24,566,689	25,173,953	27,632,268	(2,458,315)
Total Other Financing Sources	24,566,689	25,383,035	27,956,257	(2,573,222)
Net Change In Fund Balance	(59,037,703)	(62,506,870)	23,996,570	(86,503,440)
Fund Balance, Beginning	114,163,808	110,076,034	110,076,034	-
Fund Balance, Ending	\$ 55,126,105	\$ 47,569,164	\$ 134,072,604	\$ (86,503,440)

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

**THE SCHOOL DISTRICT OF LEE COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
ARRA ECONOMIC STIMULUS - SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	ARRA Economic Stimulus			Variance with Final Budget - Under (Over)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Federal Direct Sources:				
Miscellaneous Federal Direct	\$ -	\$ 2,124,966	\$ 1,400,637	\$ 724,329
Total Federal Direct Sources	-	2,124,966	1,400,637	724,329
Federal Through State Sources:				
Other Federal Through State Grants	44,005,487	60,506,264	39,061,136	21,445,128
Total Federal Through State Sources	44,005,487	60,506,264	39,061,136	21,445,128
Total Revenues	44,005,487	62,631,230	40,461,773	22,169,457
EXPENDITURES				
Current				
Instruction	37,212,978	46,530,775	34,141,809	12,388,966
Pupil Personnel Services	728,064	531,205	409,143	122,062
Instruction and Curriculum Development Services	479,718	929,214	505,510	423,704
Instructional Staff Training Services	4,946,369	11,444,350	3,522,886	7,921,464
General Administration	499,675	1,140,948	393,888	747,060
School Administration	2,795	2,873	778	2,095
Facilities Services	111,105	316,870	194,024	122,846
Food Service	11,831	-	-	-
Central Services	-	3,200	-	3,200
Pupil Transportation Services	9,513	28,250	24,201	4,049
Operation of Plant	3,439	67,324	5,926	61,398
Capital Outlay				
Other Capital Outlay	-	1,636,221	1,263,608	372,613
Total Expenditures	44,005,487	62,631,230	40,461,773	22,169,457
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning	-	-	-	-
Fund Balance, Ending	\$ -	\$ -	\$ -	\$ -

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

**THE SCHOOL DISTRICT OF LEE COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2010**

	Governmental Activities- Internal Service Funds
ASSETS	
Current Assets	
Cash	\$ 7,820,093
Investments	30,906,057
Accounts Receivable	20,277
Due from Governmental Funds	11,443,933
Total Current Assets	50,190,360
Noncurrent Assets	
Restricted Cash with Fiscal Agent	310,000
Furniture, Fixtures and Equipment	1,498
Less Accumulated Depreciation	(1,498)
Total Noncurrent Assets	310,000
Total Assets	50,500,360
LIABILITIES	
Current Liabilities	
Accounts Payable	75,202
Unearned Premiums	11,801,230
Estimated Insurance Claims Payable	12,987,121
Liability for Compensated Absences	52,850
Total Current Liabilities	24,916,403
Long-Term Liabilities	
Estimated Insurance Claims Payable	8,708,089
Total Liabilities	33,624,492
NET ASSETS	
Restricted Cash with Fiscal Agent	310,000
Unrestricted	16,565,868
Total Net Assets	\$ 16,875,868

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

**THE SCHOOL DISTRICT OF LEE COUNTY
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2010**

	<u>Governmental Activities- Internal Service Funds</u>
OPERATING REVENUES	
Premium Revenue	\$ 82,503,108
Other Operating Revenues	<u>532,927</u>
Total Operating Revenues	<u>83,036,035</u>
OPERATING EXPENSE	
Salaries	299,159
Employee Benefits	90,706
Purchased Services	10,566,730
Materials and Supplies	110
Insurance Claims	<u>73,969,286</u>
Total Operating Expenses	<u>84,925,991</u>
Operating Loss	<u>(1,889,956)</u>
NONOPERATING REVENUES	
Interest Income	<u>97,714</u>
Total Nonoperating Revenues	<u>97,714</u>
Changes in Net Assets	(1,792,242)
Net Assets - July 1, 2009	<u>18,668,110</u>
Net Assets - June 30, 2010	<u>\$ 16,875,868</u>

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

**THE SCHOOL DISTRICT OF LEE COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2010**

		Governmental Activities- Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers, Users and Participants	\$	83,935,045
Cash Payments to Suppliers for Goods and Services		(11,249,940)
Cash Payments to Employees for Services		(373,712)
Cash Payments for Insurance Claims		(74,931,481)
		(74,931,481)
Net Cash Used by Operating Activities		(2,620,088)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments		97,714
		97,714
Net Cash Provided by Investing Activities		97,714
Net Decrease in Cash and Cash Equivalents		(2,522,374)
Cash and Cash Equivalents, Beginning		41,248,524
Cash and Cash Equivalents, Ending	\$	38,726,150
 Reconciliation of Operating Loss to Net Cash Used by Operating Activities		
Operating Loss	\$	(1,889,956)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Change in Assets and Liabilities:		
Increase in Unearned Revenue		2,282,861
Increase in Accounts Receivable		(20,277)
Increase in Compensated Absences Payable		9,100
Decrease in Accounts Payable		(280,884)
Increase in Due from Governmental Funds		(1,356,521)
Decrease in Estimated Insurance Claims Payable		(1,364,411)
Total Adjustments		(730,132)
Net Cash Used by Operating Activities	\$	(2,620,088)

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

THE SCHOOL DISTRICT OF LEE COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2010

	Fiduciary Funds
	Agency Funds
ASSETS	
Cash	\$ 738,200
Investments	5,963,618
Accounts Receivable	234,995
Inventory	419,696
 Total Assets	 \$ 7,356,509
LIABILITIES	
Accounts Payable and Other Current Liabilities	\$ 7,356,509
 Total Liabilities	 \$ 7,356,509

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

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES

Reporting Entity

The District School Board of Lee County (the Board) has direct responsibility for operation, control, and supervision of The School District of Lee County (the District) and is considered a primary government for financial reporting. The District is part of the Florida system of public education under the general direction of the State Board of Education. The governing body of the District is the Board, which is composed of five elected members. The appointed Superintendent of Schools (the Superintendent) is the executive officer of the District. The general operating authority of the Board and the Superintendent is contained in Chapters 1000-1013, Florida Statutes. Geographic boundaries of the District correspond with those of Lee County, Florida.

Pursuant to Section 1010.51, Florida Statutes, the Superintendent is responsible for keeping records and accounts of all financial transactions in the manner prescribed by the State Board of Education.

Criteria for determining if other entities are potential component units that should be reported within the District's financial statements are identified and described in Sections 2100 and 2600 of the Governmental Accounting Standards Board's *Codification of Governmental Accounting and Financial Reporting Standards*. The application of these criteria provide for identification of any entities for which the District is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. Based on the Auditor General's Rules, Chapter 10.850, *Audits of Charter Schools and Similar Entities*, District management has determined that the following four charter schools are not component units: Oasis Elementary School, Oasis Middle School, Christa McCaulliffe Elementary School and City of Cape Coral High School. Each of these charter schools are operated and reported as a component unit by a government entity other than the District.

Based on the application of the criteria, the following component units are included within the District's reporting entity:

Blended Component Unit – Leasing Corporation

The Lee County School Board Leasing Corporation (Leasing Corporation) was formed on December 17, 2003, to facilitate financing for the acquisition of facilities and equipment. The governing board of the Leasing Corporation is the District School Board. 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. Separate financial statements for the Leasing Corporation are not published.

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

Discretely Presented Component Unit – Foundation

The Foundation for Lee County Public Schools, Inc., (Foundation) was formed for the purpose of improving the quality of education by increasing community involvement with and support for Lee County schools. Although the District does not control the timing or amount of receipts from the Foundation, the majority of resources (or incomes thereon) that the Foundation holds and invests are restricted to the activities of the District by the donors. Because these restricted resources held by the Foundation can only be used for the benefit of the District, the Foundation is considered a component unit of the District and is discretely presented in the District's financial statements. An annual post-audit of the Foundation's financial statements is conducted by an independent certified public accountant and is filed in the District's administrative office.

Discretely Presented Component Units – Charter Schools

At fiscal year end there were sixteen Charter Schools operating within the District that meet the criteria for presentation as a discretely presented component unit. All charter schools are separate, not-for-profit corporations organized and operated as charter schools under Section 1002.33, Florida Statutes to enhance the education of the Lee County students attending these schools. As such, Charter Schools are funded on the same basis and are subject to the same financial reporting requirements as the District. Audits were performed for each Charter School for the year ended June 30, 2010, by an independent certified public accountant and they are on file at the District's administrative office.

These Charter Schools are considered to be Component Units of the District since they are fiscally dependent on the District:

Bonita Preparatory and Fitness Academy – The school's Charter was granted September 23, 2008, for a K-8 school. As of June 30, 2010, the school was a grade K-8 school. The school is located in Bonita Springs, Florida.

Bonita Springs Charter School – The school's Charter was granted December 18, 2001, for a K-8 school. As of June 30, 2010, the school was a K-8 school. The school is located in Bonita Springs, Florida.

Cape Coral Charter School – The school's Charter was granted August 20, 2002, for a grade K-8 school. As of June 30, 2010, the school was a grade K-8 school. The school is located in Cape Coral, Florida.

Coronado High School – The school's Charter was granted October 23, 2007, for a grade 9-12 school. As of June 30, 2010, the school was a grade 9-12 school. The school is located in Fort Myers, Florida.

Fort Myers Preparatory and Fitness Academy – The school's Charter was granted October 23, 2007, for a K-8 school. As of June 30, 2010, the school was a grade K-8 school. The school is located in Fort Myers, Florida.

Gateway Charter Elementary School – The school's Charter was granted August 20, 2002, for a grade K-8 school. As of June 30, 2010, the school was a grade K-4 school. The school is located in Fort Myers, Florida.

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

Gateway Charter Intermediate School – The school’s Charter was granted August 20, 2002, for a grade K-8 school. As of June 30, 2010, the school was a grade 5-8 school. The school is located in Fort Myers, Florida.

Gateway High Charter School – The school’s Charter was granted October 21, 2003, for a grade 9-12 school. As of June 30, 2010, the school was a grade 9-12 school. The school is located in Fort Myers, Florida.

Goodwill Academies of Southwest Florida, Inc. – The school’s Charter was granted October 19, 2004, for a grade 9-12 school. As of June 30, 2010, the school was a grade 9-12 school. The school is located in Fort Myers, Florida.

The Island School, Inc. - The school’s Charter was granted May 2, 2000, for a grade K-8 school. As of June 30, 2010, the school was a grade K-5 school. The school is located on Gasparilla Island in Boca Grande, Florida.

Lee Charter Academies, Inc. – The school’s Charter was granted March 23, 2004, for a grade K-6 school. As of June 30, 2010, the school was a grade K-8 school. The school is located in Fort Myers, Florida.

Lee Alternative Charter High School - The school’s Charter was granted June 20, 2006, for a grade 9-12 school. As of June 30, 2010, the school was a grade 9-12 school. The school is located in Lehigh Acres, Florida.

L.I.F.E. Skills Center Lee County, Inc. – The school’s Charter was granted October 25, 2005, for a grade 9-12 school. As of June 30, 2010, the school was a grade 9-12 school. The school is located in Fort Myers, Florida.

North Nicholas High School - The school’s Charter was granted October 23, 2007, for a grade 9-12 school. As of June 30, 2010, the school was a grade 9-12 school. The school is located in Cape Coral, Florida.

Richard Milburn Academy of Florida, Inc. – The school’s Charter was granted November 27, 2000, for a grade 9-12 school. As of June 30, 2010, the school was a grade 9-12 school. The school is located in Fort Myers, Florida.

Six Mile Charter School – The school’s Charter was granted August 10, 2004, for a grade K-8 school. As of June 30, 2010, the school was a grade K-8 school. The school is located in Fort Myers, Florida.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component units. The effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities* that rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function (i.e., food service fees, student fees, print fees, and transportation fees), and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function (i.e., Federal food service, transportation, and Public Education Capital Outlay [PECO] grants). Taxes and other items not properly included among program revenues are reported instead as *general revenue*.

The effects of interfund activities have been eliminated from the government-wide financial statements. Interfund transactions include transactions involving the internal service funds. These transactions were eliminated by allocating the change in net assets of internal services funds in direct proportion as they were charged as expenses to the various functions/programs.

Fund financial statements report detailed information about the District in the governmental, proprietary, and fiduciary funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Nonmajor funds are aggregated and reported in a single column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, reconciliation is presented with each of the governmental fund financial statements.

The District reports the following major governmental funds:

- *General Fund* is the District's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.
- *Special Revenue Fund – ARRA Economic Stimulus Fund* accounts for the resources received and expended under the American Recovery and Reinvestment Act of 2009 for use in key education areas such as instruction of students with disabilities, services for low-income students and the stabilization of local school district funding.
- *Debt Service Fund – Certificates of Participation Fund* accounts for the resources accumulated and payments made for principal, interest, and related costs on the long-term Certificates of Participation.
- *Capital Projects Fund – Local Capital Improvement Tax Fund* accounts for the resources used for the acquisition or construction of major capital facilities financed through tax levies pursuant to Section 1011.71(2), Florida Statutes.
- *Capital Projects Fund – Certificates of Participation/Impact Fees/State Grants Fund* accounts for the resources used for the acquisition or construction of major capital facilities financed through certificates of participation, impact fees, and state capital grant proceeds.

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

Additionally, the District reports the following fund types:

- The *Internal Service Fund* accounts for the self-insurance programs.
- The *Agency Fund* accounts for resources of the school internal funds that are used to administer money collected at schools in connection with school, student athletic, class, and club activities.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

Measurement Focus, Basis of Accounting, and Financial Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary and fiduciary fund financial statements. The agency fund is custodial in nature (assets equal liabilities) and uses the accrual basis of accounting to recognize receivables and payables. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility or expenditure requirements imposed by the provider have been met.

Governmental fund financial statements, which include the General, Special Revenue, Debt Service, and Capital Projects funds, are prepared using the *current financial resource measurement focus* and the *modified accrual basis of accounting*. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred. The principal exceptions to this general rule are: (a) principal and interest on general long-term debt is recognized as expenditures when due; and (b) claims and judgements and compensated absences are recognized when due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

Revenues can be classified into two kinds of transactions: (a) exchange and exchange-like transactions, in which each party receives and gives up essentially equal value and (b) nonexchange transactions, in which a government gives (or receives) value without directly receiving (or giving) equal value in exchange.

Revenue resulting from exchange transactions is recorded on the accrual basis when the exchange takes place. Revenues resulting from nonexchange transactions are further classified into (a) derived tax revenues, (b) imposed nonexchange revenues, (c) government-mandated nonexchange transactions, and (d) voluntary nonexchange transactions. Derived tax revenues (ex: sales tax) are recorded when the exchange transaction occurs. Imposed nonexchange transactions (ex: property taxes) are recorded when use of the resource is required or first permitted by time requirement (for example, for property taxes, the period for which they are levied). Government-mandated and voluntary nonexchange transactions (ex: Federal mandates, grants, and donations) are recorded when all eligibility requirements have been met.

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

When applying the susceptible to accrual concept under the modified accrual basis, resources also should be available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. The District considers property taxes to be available if they are collected within 60 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, State, and other grant resources, revenue is recognized at the time the expenditure is made.

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 charges for employee health insurance premiums. Operating expenses for internal service funds include insurance claims and excess coverage premiums, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. These funds are accounted for as proprietary activities under standards issued by the Financial Accounting Standards Board through November 1989 and applicable standards issued by GASB thereafter.

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.

Each of the charter schools, included as discretely presented component units, are accounted for as governmental organizations and follow the same accounting model as the District's governmental activities.

The Foundation for Lee County Public Schools, Inc., shown as a discretely presented component unit, is accounted for using the accrual basis of accounting, whereby revenues are recognized when earned and expenditures are recognized when incurred.

Budgetary Basis Accounting

The following procedures, established by State Statutes and State Board of Education rules, are used by the Board in setting up final budget balances reported on the financial statements:

- 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 law and State Board of Education rules.
- Appropriations are controlled at the function level (e.g., instruction, pupil personnel services, and school administration) and may be amended by resolution at any Board meeting prior to the due date for the Annual Financial Report. This function level is the legal level of budgetary control.
- Budgets are prepared using the same modified accrual basis as is used to account for governmental funds.

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

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 year-end and encumbrances outstanding are honored from the subsequent year's appropriations. During the fiscal year ended June 30, 2010, budgets for all governmental fund types were amended to reflect adjustments to appropriations due to changes in student counts, the addition of new education programs, and other events.

Cash

Banks qualified as public depositories under Florida law hold cash deposits. All deposits are insured by Federal depository insurance and/or collateralized with securities held in Florida's multiple financial institution collateral pool required by Sections 280.07 and 280.08, Florida Statutes. The Statement of Cash Flows considers cash as those accounts used as demand deposit accounts and cash equivalents amounts with State Board of Administration.

Restricted Cash with Fiscal Agent

Self Insurance Funds are required to establish and maintain prescribed amounts of resources (consisting of cash) that can be used only to pay insurance claims.

Investments

Investments consist of amounts placed with the State Board of Administration for participation in the Local Government Surplus Funds Trust Fund investment pools created by Sections 218.405 and 218.417, Florida Statutes. On December 4, 2007, the State Board of Administration restructured the Local Government Surplus Funds Trust Fund to also establish the Fund B Surplus Funds Trust Fund.

The District's investments in the Local Government Surplus Funds Trust Fund, which the State Board of Administration indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, as of June 30, 2010, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. These investments are reported at fair value, which is amortized cost.

The District's investments in the Fund B Surplus Funds Trust Fund are accounted for as a fluctuating net asset value pool, with a fair value factor of 0.67353149 at June 30, 2010. The Fund B is not subject to participant withdrawal requests. Distributions from Fund B, as determined by the State Board of Administration, are effected by transferring eligible cash or securities to the Local Government Surplus Funds Trust Fund, consistent with the pro rata allocation of pool shareholders of record at the creation of Fund B. One hundred percent of such distributions from Fund B are available as a liquid balance within the Local Government Surplus Funds Trust Fund.

Types and amounts of investments held at fiscal year-end are described in a subsequent note on investments.

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2010

Inventory

Inventories consist of expendable supplies held for consumption in the course of District operations. Inventories are stated at cost on a weighted-average basis for the central stores, maintenance, transportation, and food service inventories and at last invoice price, which approximates the first-in, first-out basis, for the print shop and media/textbook inventories. United States Department of Agriculture surplus commodities are stated at their fair market value, as determined at the time of donation to the District's food service program by the Bureau of Food Distribution, Florida Department of Agriculture and Consumer Services. The costs of inventories are recorded as expenditures when used rather than purchased. The inventories at year-end are reported as a reservation of fund balance.

Prepaid Items

Expenditures for insurance and similar services extending over more than one accounting period are not allocated between or among accounting periods in the governmental funds and are instead accounted for as expenditures in the period of acquisition.

Capital Assets

Expenditures for capital assets acquired or constructed for general District purposes are reported in the governmental funds that financed the acquisition or construction. The capital assets so acquired are reported at cost in the governmental activities columns in the government-wide financial statements but are not reported in the governmental fund financial statement. The District defines capital assets as assets with an initial individual cost of \$1,000 or more. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated assets are recorded at their estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. 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 are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Improvements Other than Buildings	10-40
Buildings and Fixed Equipment	10-50
Motor Vehicles	5-10
Furniture Fixtures and Equipment	3-15
Audio-Visual Materials	3-5
Computer Software	5

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

Noncurrent Liabilities and Compensated Absences

In the government-wide financial statements and proprietary fund types in the fund financial statements, noncurrent obligations are reported as liabilities in the applicable governmental activities, or proprietary fund type Statement of Net Assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

discount. The District entered into an interest swap agreement to modify the interest rate on an outstanding debt. The fair value of this instrument is reflected on the government wide financial statements.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from actual debt proceeds received, are reported as debt service expenditures.

The liability for compensated absences reported in the government-wide and proprietary fund statements consist of unpaid, accumulated vacation and sick leave, including applicable salary-related amounts for Social Security, Medicare, and Retirement contributions. The liability has been calculated using the vesting method, in which leave amounts for employees who currently are eligible to receive termination payment and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

Changes in noncurrent liabilities for the current year are reported in a subsequent note.

Fund Balance/Net Assets

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Net Assets in the government-wide financial statements are classified as invested in capital assets, net of related debt, restricted and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, law and regulations of other governments, or imposed by law through State statute.

Estimates

The preparation of the financial statement in conformity with generally accepted accounting principles requires the District to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Reclassifications

Certain amounts in the District and discretely presented component units financial statements have been reclassified in order to be consistent with the District's presentation.

State Revenue Sources

Revenues from State sources for current operations are primarily from the Florida Education Finance Program, administered by the Florida Department of Education (Department) 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 Department. The Department performs certain edit checks on the reported number of FTE students and related data and calculates the allocation of funds to the District. The District is permitted to amend its original reporting for a period of nine months following the date of the

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

original reporting. Such amendments may impact funding allocations for subsequent years. The Department may also adjust subsequent fiscal period allocations based upon an audit of the District's compliance in determining and reporting FTE students and related data. Normally, such adjustments are treated as reductions or additions to revenue in the year when the adjustments are made.

The State provides financial assistance to administer certain categorical educational programs. State Board of Education rules require that revenue earmarked for these 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 year to be expended for the same categorical educational programs. The Department generally requires that categorical educational program revenues be accounted for in the General Fund. For selected categorical programs, funds received that are not expended at the fiscal year-end are recognized as deferred revenue until expended. A portion of the fund balance of the General Fund is reserved for the unencumbered balance of categorical educational program resources.

The State allocates gross receipts taxes, generally known as public education capital outlay money, 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 Department. Accordingly, the District recognizes the allocation of Public Education Capital Outlay funds as deferred revenue until such time as an encumbrance authorization is received.

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

Property Taxes – Revenue Recognition

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 Lee County Property Appraiser determines property values and the Lee County Tax Collector's office collects the property taxes.

The Board adopted the 2009 tax levy on September 08, 2009. Taxes become an enforceable lien on property as of January 1. 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 four percent for early payment.

Taxes become delinquent on April 1 of the year following the year of assessment and 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 certificates to satisfy unpaid taxes. These procedures result in the collection of substantially 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 in the fiscal year for which the Board adopts the tax levy. Property tax revenues are recognized in the Governmental Fund financial statements when the taxes are received by the District, except that revenue is accrued for taxes collected by the Lee County Tax Collector at fiscal year end which have not yet been remitted to the District. Because any delinquent taxes collected after June 30 would not be material, delinquent taxes receivable are not accrued.

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2010

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

Educational Impact Fees

The District receives educational impact fees based on an ordinance adopted by the Board of County Commissioners of Lee County on November 27, 2001. The fee is collected by the County for new residential construction, and can only be used to provide for the acquisition of fixed assets or additions to fixed assets and expenditures for site acquisition, construction design, site development, necessary off-site improvements, and equipment. Educational impact fee revenues are recognized in the Government-wide and Governmental Fund financial statements when the fees are collected by the county.

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.

Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

In June 2008, the GASB issued Statement 53, *Accounting and Financial Reporting for Derivative Instruments*. GASB 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009. The District adopted GASB Statement 53 in fiscal year 2010. This statement requires the cumulative effect of applying this Statement be reported as a restatement of beginning net assets and impacts the beginning balances in Note 7. Noncurrent Liabilities, and Note 8. Derivative Instruments. The effects of the accounting change on net assets as previously reported for fiscal year 2009 and prior years did not change.

	Governmental Activities
Net assets as of June 30, 2009, as previously reported	\$ 1,249,678,202
Adjustment of Assets:	
Deferred Outflow of Resources	583,000
Adjustment of Liabilities:	
Non-current Liabilities:	
Derivative Instrument- Hedging	(583,000)
Net Assets, June 30, 2009, as restated	\$ 1,249,678,202

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

NOTE 2: CASH AND INVESTMENTS

2-A. Cash Deposits

Florida Statutes authorize the deposit of District funds in demand deposits or time deposits of financial institutions approved by the State Treasurer and are defined as public deposits. All District public deposits are held in qualified public depositories pursuant to Chapter 280, Florida Statutes, the "Florida Security for Public Deposits Act." Under the act, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The collateral pledging level may range from 50 percent to 125 percent depending upon the depository's financial condition and the length of time that the depository has been established. All collateral must be deposited with the State Treasurer. Any losses to public depositors resulting from insolvency are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessment against other qualified public depositories if the same type as the depository in default. All bank balances of the District are fully insured or collateralized. As of June 30, 2010, the carrying amount of the District's bank deposits was \$36,951,863 and the respective bank balances totaled \$55,565,913. As of June 30, 2010, the carrying amount of the Agency Fund's bank deposits was \$738,200.

2-B. Investments

As of June 30, 2010, the District had the following investments and maturities:

Investment	Fair Value	Investment Maturities (in years)			
		6 Months	1 - 5	6 - 10	10 - 15
Florida State Board of Administration					
Local Governmental Surplus Funds					
Trust Funds – Fund A (1)	\$ 415,834,567	\$ 415,834,567	\$ -	\$ -	\$ -
Trust Funds – Fund B (1)	8,193,475	-	-	8,193,475	-
First America Treasury Obligation Class					
Y Money Market Fund	34,939,585	34,939,585	-	-	-
US Bank Money Market 5 Fund	630,246	630,246	-	-	-
Total Investment, Primary Government	459,597,873	451,404,398	-	8,193,475	-
Agency Fund					
Local Governmental Surplus Funds					
Trust Funds – Fund A	5,963,618	5,963,618	-	-	-
Total Investments, Reporting Entity	\$ 465,561,491	\$ 457,368,016	\$ -	\$ 8,193,475	\$ -

Note (1) At June 30, 2010, investments totaling \$25,240,674 are held under trust agreements in connection with Certificates of Participation, Series 1999A, 2002A/B, 2004A/C, 2005A, 2006A, 2008A/B and 2009A, financing agreements which is reported as restricted net assets. (See Note 7.)

Section 218.415, Florida Statutes, limits the types of investments that a District can invest in unless specifically authorized in District policy.

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2010

2-C. Investments – Interest Rate Risk

Section 218.415(17), Florida Statutes, limits investment maturities to provide sufficient liquidity to pay obligations as they come due. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The maturity of the State Board of Administration Local Government Surplus Funds Trust Funds-Fund A investment pool is based on the weighted average days to maturity (WAM). A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of the portfolio to interest rate changes. The maturity of the State Board of Administration Local Government Fund B Surplus Funds Trust Fund is based on the weighted average life (WAL). A portfolio's WAL is the dollar weighted average length of time until securities held reach maturity which is estimated at 8.05 years. However, because Fund B consists of restructured or defaulted securities, there is considerable uncertainty regarding weighted average life. WAL is based on legal final maturity dates as of June 30, 2010.

2-D. Investments – Credit Risk

Section 218.415(17), Florida Statutes, limits investments to the State Board of Administration Local Government Surplus Funds Trust Fund, 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 (SEC) registered money market funds with the highest credit quality rating from a nationally recognized rating agency; investments in interest-bearing time deposits to 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:

- a. Florida Local Government Surplus Trust Funds (SBA Investment Pool). Investments totaling \$421,798,184 in the SBA Investment Fund A are rated AAAm by Standard and Poor's reported at fair value. Investments totaling \$8,193,475 in the SBA Investment Fund B are unrated and reported at fair value.
- b. Direct Obligations of U.S. Treasury.
- c. U.S. Federal Government Agency Securities.
- d. U.S. Government Sponsored Agencies/Federal Instrumentalities.
- e. Repurchase Agreements fully collateralized at 102 percent of market value by U.S. Treasuries, U.S. Government Agencies, U.S. Government Sponsored Agencies/Federal Instrumentalities.
- f. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency. As of June 30, 2010, the District had investments in US Bank First American Treasury Obligation Class Y Money Market Funds with a fair value of \$34,939,585, which were rated AAAm by Standard and Poor's and US Bank Money Market 5 Fund with a fair value of \$630,246 which were rated AA- by Standard and Poor's.
- g. Certificates of Deposit, collateralized at 102 percent of market value, by U.S. Treasuries, U.S. Government Agencies, U. S. Government Sponsored Agencies/Federal Instrumentalities.
- h. Passbook savings accounts and interest bearing time deposits with banks organized under the laws of the State of Florida or in banks doing business in the State of Florida.

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

2-E. Investments – 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, must be immediately placed for safekeeping in a secured vault. The District does not have a formal investment policy that addresses custodial credit risk.

Funds held by US Bank First American Treasury Obligation Class Y Money Market Fund and US Bank Money Market 5 Fund are held pursuant to a trust agreement in connection with the issuance of various certificates of participation.

2-F. Investments – Concentration of Credit Risk

The District's investment policy places no limit on the amount it may invest in any one issuer.

NOTE 3: DUE FROM OTHER AGENCIES

The majority of receivables are due from other agencies. At June 30, 2010, the District had a total of \$9,564,567 in Due From Other Agencies. \$3,331,034 is due from Federal, State and Local governments for various grant programs. Due from the State for Class Size Reduction Program and Public Education Capital Outlay, was \$5,044 and \$2,448,419 respectively. \$721,427 is due from the County for impact fees. Finally, \$3,058,643 is due from other State and Local agencies for miscellaneous items. These receivables and the remaining accounts receivable are considered to be fully collectable. As such, no allowance for uncollectible accounts receivable is accrued.

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THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2010

NOTE 4: CONSTRUCTION CONTRACT COMMITMENTS

The following is a summary of major construction and other significant contract commitments as of fiscal year- end:

Projects	Contract Amount	Completed to date 6/30/2010	Balance Committed 6/30/2010
Villas Elementary Addition			
Contractor	\$ 2,948,989	\$ 109,112	\$ 2,839,877
Others	1,147,325	63,486	1,083,839
Stephens Elementary Park			
Contractor	4,433,386	4,433,386	-
Others	1,208,252	1,061,560	146,692
New Transportation Center			
Contractor	2,827,023	2,827,023	-
Others	622,978	523,661	99,317
Total	\$ 13,187,953	\$ 9,018,228	\$ 4,169,725

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THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

NOTE 5: CAPITAL ASSETS

Capital asset balances and activities for the fiscal year ended June 30, 2010, were as follows:

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
Governmental Activities				
<i>Capital Assets not being depreciated</i>				
Land	\$ 168,885,412	\$ -	\$ -	\$ 168,885,412
Construction in Progress	70,310,390	24,891,516	(82,863,217)	12,338,689
Total Capital Assets not being depreciated	239,195,802	24,891,516	(82,863,217)	181,224,101
<i>Capital Assets being depreciated</i>				
Improvements Other than Buildings	38,063,784	684,382	(5,144)	38,743,022
Buildings	1,344,977,021	84,008,418	(452,783)	1,428,532,656
Furniture, Fixtures, and Equipment	67,410,785	7,464,448	(7,071,106)	67,804,127
Motor Vehicles	70,588,841	1,325,752	(296,209)	71,618,384
Audio/Visual Materials	137,708	1,225	-	138,933
Software	37,478,467	1,466,036	(776,198)	38,168,305
Total Capital Assets being depreciated	1,558,656,606	94,950,261	(8,601,440)	1,645,005,427
<i>Less accumulated depreciation for</i>				
Improvements Other than Buildings	7,134,088	1,707,005	(5,144)	8,835,949
Buildings	266,645,469	29,299,612	(261,032)	295,684,049
Furniture, Fixtures, and Equipment	44,169,336	7,303,717	(6,421,549)	45,051,504
Motor Vehicles	34,901,911	6,474,796	(284,019)	41,092,688
Audio/Visual Materials	91,835	9,733	-	101,568
Software	10,333,114	3,566,403	(558,645)	13,340,872
Total accumulated depreciation	363,275,753	48,361,266	(7,530,389)	404,106,630
<i>Capital Assets being depreciated, Net</i>	1,195,380,853	46,588,995	(1,071,051)	1,240,898,797
Governmental Activities Capital Assets, Net	\$ 1,434,576,655	\$ 71,480,511	\$ (83,934,268)	\$ 1,422,122,898

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

Depreciation expense was charged to governmental functions as follows:

<u>Governmental Function</u>	<u>Amount</u>
Instruction	\$ 1,791,805
Pupil Personnel Services	201,438
Instructional Media Services	129,754
Instruction & Curriculum Development Services	183,668
Instructional Staff Training Services	21,246
Instruction Related Technology	79
General Administration	14,182
School Administration	48,890
Facilities Services	43,154,111
Fiscal Services	1,716
Food Services	614,739
Central Services	117,606
Pupil Transportation Services	1,129,323
Operation of Plant	524,900
Maintenance of Plant	251,860
Administrative Technology Services	113,633
Community Services	<u>62,316</u>
Total Depreciation Expense – Governmental Functions	<u>\$ 48,361,266</u>

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THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

A summary of changes in capital assets for the discretely presented component units is as follows:

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
<i>Capital Assets being depreciated</i>				
Improvements other than buildings	\$ 430,222	\$ 23,192	\$ -	\$ 453,414
Buildings	74,159,520	-	-	74,159,520
Furniture, Fixtures, and Equipment	5,488,260	492,123	(5,844)	5,974,539
Software	72,638	-	-	72,638
Total Capital Assets being depreciated	80,150,640	515,315	(5,844)	80,660,111
<i>Less accumulated depreciation for</i>				
Improvements other than buildings	169,455	53,504	-	222,959
Buildings	4,261,920	1,983,191	-	6,245,111
Furniture, Fixtures, and Equipment	4,261,341	696,212	(4,587)	4,952,966
Software	17,951	22,523	-	40,474
Total accumulated depreciation	8,710,667	2,755,430	(4,587)	11,461,510
Total Capital Assets being depreciated, Net	71,439,973	(2,240,115)	(1,257)	69,198,601
Total Capital Assets, Net	\$ 71,439,973	\$ (2,240,115)	\$ (1,257)	\$ 69,198,601

Depreciation expense was charged to governmental functions as follows:

Governmental Function	Amount
Instruction	\$ 61,220
School Administration	607,822
Facilities Services	147,654
Operation of Plant	1,928,033
Community Services	10,701
Total Depreciation	\$ 2,755,430

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THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

NOTE 6: INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

Funds	Interfund Receivable	Interfund Payable
Major Funds:		
General	\$ 3,308,420	\$ 11,731,921
Special Revenue:		
ARRA Economic Stimulus	287,988	108,027
Capital Projects:		
Local Capital Improvement Tax	656,710	2,679,735
Certificates of Participation/Impact		
Fees/State Grants	4,718	634,752
Non-Major Governmental Funds	-	547,334
Proprietary Funds	11,443,933	-
Total	\$ 15,701,769	\$ 15,701,769

The interfund receivables and payables represent the payment of expenditures by one fund for another fund and will be repaid within 12 months.

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

Funds	Transfers In	Transfers Out
Major Funds:		
General	\$ 27,632,268	\$ -
Debt Service:		
Certificates of Participation	48,052,798	-
Capital Projects:		
Local Capital Improvements Tax	-	69,721,674
Certificates of Participation/Impact		
Fees/State Grants	-	5,333,671
Non-Major Governmental Funds	-	629,721
Total	\$ 75,685,066	\$ 75,685,066

The majority of the transfers out of the Capital Projects fund were to provide debt service principal and interest payments and to assist in funding maintenance operations of the District. The remaining transfers between funds were operational in nature.

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

NOTE 7: NONCURRENT LIABILITIES

7-A. Certificates of Participation

The District entered into several financing arrangements, characterized as lease-purchase agreements, with the Florida School Boards Association, Inc. and the Lee County School Board Leasing Corporation (lessors) whereby the District secured financing of various educational facilities. The financing was accomplished through the issuance and refunding of several series of Certificates of Participation. Issues with remaining outstanding balances include Series 2002A and 2002B (original issue: \$103,910,000); Series 2004A, and 2004C (original issue \$170,045,000); Series 2005A (original issue: \$107,995,000); Series 2006A (original issue: \$94,790,000); Series 2008A (original issue \$21,215,000); 2008B (original issue: \$60,000,000) and Series 2009A (original issue: \$26,950,000) issued December 2009; be repaid from the proceeds of rents paid by the District. The proceeds of the Series 2009A was used to payoff the Series 1999A.

As a condition of the financing arrangement, the District has given a ground lease on District property to the lessors with a rental fee of \$1 per year. The properties covered by the ground leases are, together with the improvements constructed thereon from the financing proceeds, leased back to the District. If the District fails to renew the lease and to provide for the rent payments through to term, the District may be required to surrender the sites included under the Ground Lease Agreements for the benefit of the securers of the Certificates for a period of time specified by the arrangement which may be up to 2028.

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

Series 2002A

Two Elementary Schools
One Middle School
One Specialty School
Two Transportation Facilities

Series 2004A and 2004B

Three Elementary Schools
One Middle School
Two High Schools
Two Building Conversions
New Administration Building
Vocational School Addition

Series 2004C

One Elementary School
One Specialty School
Seven Additions to Existing Schools

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

Series 2005A

One Elementary School
One Middle School
One High School
New Administration Building

Series 2006A

Two Elementary Schools
Seven Additions to Existing Schools

Series 2008A

Six Elementary Schools
One Middle School
One High School

Series 2009A

One Elementary School
One Middle School
One High School

The lease payments are payable by the District semi-annually on December 30 and June 30, at interest rates ranging from two to six percent except that Series 2008B has a synthetically fixed rate which is assumed to be 1.778 percent for purposes of calculating future minimum lease payments. 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:

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 46,957,289	\$ 25,210,000	\$ 21,747,289
2012	40,802,573	20,150,000	20,652,573
2013	40,648,735	20,835,000	19,813,735
2014	40,978,792	21,960,000	19,018,792
2015	40,841,649	22,735,000	18,106,649
2016-2020	204,835,858	130,020,000	74,815,858
2021-2025	205,494,776	163,315,000	42,179,776
2026-2028	107,435,318	98,370,000	9,065,318
Total Minimum Lease Payments	727,994,990	502,595,000	225,399,990
Add: Unamortized Premium, net	6,351,484	6,351,484	-
Total Certificates of Participation	\$ 734,346,474	\$ 508,946,484	\$ 225,399,990

All Certificates of Participation issued are subject to arbitrage rebate. At June 30, 2010, there was no arbitrage rebate liability.

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

7-B. Notes Payable

Notes payable are comprised of the following:

	Balance at 6/30/10
<u>Bank of America Bank Loan</u>	
\$3,451,257 borrowed 8-21-06, under provisions of Section 1011.14, Florida statues. Interest rate of 6.28%. Proceeds used to complete energy efficiency measures at various school sites. The Board repaid \$325,402 during the 2009-10 fiscal year.	\$ 2,705,059
<u>Bank of America Bank Loan</u>	
\$6,306,547 borrowed 9-22-08, under provisions of Section 1011.14, Florida statues. Interest rate of 4.46%. Proceeds used to complete energy efficiency measures at various school sites. The Board repaid \$444,043 during the 2009-10 fiscal year.	<u>5,862,504</u>
Total Notes Payable	<u><u>\$ 8,567,563</u></u>

Amounts needed for the planned extended repayment of Section 1011.14, Florida Statutes, bank loans as of June 30, 2010 are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
Notes Payable			
2011	\$ 1,155,537	\$ 800,604	\$ 354,933
2012	1,177,939	858,440	319,499
2013	1,191,800	910,078	281,722
2014	1,205,938	964,284	241,654
2015	1,220,360	1,021,180	199,180
2016-2020	<u>4,367,232</u>	<u>4,012,977</u>	<u>354,255</u>
Total Notes Payable	<u><u>\$ 10,318,806</u></u>	<u><u>\$ 8,567,563</u></u>	<u><u>\$ 1,751,243</u></u>

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

7-C. Bonds Payable

The following is a description of bonded debt issues:

State School Bonds: The State Board of Education issued these bonds on behalf of the District. The bonds mature serially and are secured by a pledge of the District's portion of the State-assessed motor vehicle license tax. The State's full faith and credit is pledged for all of these State Board of Education Bonds. The original amount of State Board of Education bonds issued was \$19,395,000. The State Board of Education and the State Board of Administration administer principal and interest payments, investment of debt service fund resources, and compliance with reserve requirements.

Bonds payable at June 30, 2010, are as follows:

Bond Type	Amount Outstanding	Interest Rate (Percent)	Annual Maturity To
State School Bonds			
Series 2002A	\$ 400,000	3.00-5.00	2022
Series 2003A	1,065,000	3.00-4.25	2023
Series 2004A	1,435,000	3.25-4.625	2024
Series 2005B	12,110,000	4.00-5.00	2020
Series 2009A	<u>1,110,000</u>	200-5.00	2019
Sub-Total	16,120,000		
Add: Unamortized Premium, Net	<u>515,256</u>		
Total Bonds Payable	<u>\$ 16,635,256</u>		

The annual requirements to amortize all bonded debt outstanding as of June 30, 2010, including interest payments, are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
State School Bonds			
2011	\$ 2,287,796	\$ 1,515,000	\$ 772,796
2012	2,286,801	1,585,000	701,801
2013	2,281,264	1,655,000	626,264
2014	2,291,439	1,745,000	546,439
2015	2,301,354	1,840,000	461,354
2016-2020	7,755,584	6,800,000	955,584
2021-2024	<u>1,081,461</u>	<u>980,000</u>	<u>101,461</u>
Subtotal Bonds Payable	20,285,699	16,120,000	4,165,699
Add: Unamortized Premium, net	<u>515,256</u>	<u>515,256</u>	-
Total Bonds Payable	<u>\$ 20,800,955</u>	<u>\$ 16,635,256</u>	<u>\$ 4,165,699</u>

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

Changes in NonCurrent Liabilities

Noncurrent liability balances and activity for the year ended June 30, 2010, were as follows:

	Balance (Restated) 06/30/09	Additions	Deductions	Balance 06/30/10*	Amounts Due within One Year
Governmental Activities					
<i>Long-Term Debt</i>					
Bonds Payable	\$ 17,730,000	\$ 1,285,000	\$ 2,895,000	\$ 16,120,000	\$ 1,515,000
Bond Premium	440,802	115,038	29,486	526,354	-
Bond Discount	(11,946)	-	(848)	(11,098)	-
Certificates of Participation	528,220,000	26,950,000	52,575,000	502,595,000	25,210,000
Certificates of Participation Premium	7,777,008	1,811,386	1,496,933	8,091,461	-
Certificates of Participation Discount	(2,082,068)	-	(342,091)	(1,739,977)	-
Derivative Instruments-Hedging	583,000	479,914	-	1,062,914	-
Notes Payable	9,337,009	-	769,446	8,567,563	800,604
Total Long-Term Debt	561,993,805	30,641,338	57,422,926	535,212,217	27,525,604
<i>Other Liabilities</i>					
Estimated Early Retirement Payable	1,274,000	9,000	-	1,283,000	30,000
Estimated Insurance Claims Payable	23,059,621	73,567,070	74,931,481	21,695,210	12,987,121
Postemployment Benefits Payable Liability for Compensated Absences	8,946,548	3,828,215	-	12,774,763	-
	64,301,601	21,241,830	26,420,956	59,122,475	4,145,629
Total Other Liabilities	97,581,770	98,646,115	101,352,437	94,875,448	17,162,750
Total Non-current Liabilities	\$ 659,575,575	\$ 129,287,453	\$ 158,775,363	\$ 630,087,665	\$ 44,688,354

**Payments on the bonds and notes payable are made by the Debt Service Funds. Payments on the arbitrage payable are made by the Certificates of Participation Capital Project Fund. Payments on the estimated insurance claims payable are made by the Internal Service Fund. The early retirement payable and compensated absences liabilities are generally liquidated by the General Fund. The postemployment benefits payable are generally liquidated by the General Fund.*

Internal service funds predominantly serve the governmental funds. Accordingly, noncurrent liabilities are included as part of the above totals for governmental activities. At fiscal year-end, a \$52,850 liability for compensated absences in the Internal Service Fund is included in the above amounts.

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

The following is a summary of changes in long-term liabilities of the discretely presented component units:

Description	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010	Amounts Due Within One Year
Notes Payable	\$ 578,865	\$ -	\$ 150,376	\$ 428,489	\$ 227,626
Obligations Under Capital Leases	77,223,575	-	1,150,900	76,072,675	1,400,775
Total	\$ 77,802,440	\$ -	\$ 1,301,276	\$ 76,501,164	\$ 1,628,401

In April 2007, the Lee County Industrial Development Authority (the "Authority") issued \$80,520,000 in Tax Exempt Industrial Development Revenue Bonds, Series 2007A, and \$1,645,000 in Taxable Industrial Development Revenue Bonds, Series 2007B, pursuant to an Indenture of Trust between the Authority and a trustee to make a loan to Lee County Community Charter Schools, LLC (the "LLC") to finance the acquisition of the facilities of four charter schools (Cape Coral Charter, Gateway Charter, Gateway Charter High and Six Mile Charter) under the Lee Charter Foundation, Inc. (the "Foundation").

Pursuant to a loan agreement, the Authority loaned the proceeds of the bonds to the LLC. In order to secure the payment of the principal and interest on the bonds, the Authority assigned all of its rights and interest in the loan agreement to the trustee. The bonds are payable from and secured by a lien upon and pledge of payments to be received by the trustee.

The schools lease their facilities from LLC. The capital lease payments and terms of the leases are based on the debt service requirements of the bonds. These payments are made from revenues received from the District for the operation of the schools. The Foundation is obligated under the indenture to deposit all Charter revenues received from the District and additional revenues, if any, directly with the trustee during the term of the lease. The payments are applied by the trustee to make sinking fund payments.

Annual requirements to amortize all debt outstanding as of June 30, 2010, are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
2011	\$ 5,327,541	\$ 1,628,401	\$ 3,699,140
2012	5,149,840	1,526,392	3,623,448
2013	5,087,293	1,542,771	3,544,522
2014	5,019,700	1,548,300	3,471,400
2015	5,026,100	1,629,800	3,396,300
2016-2020	25,254,700	9,544,500	15,710,200
2021-2025	25,498,200	12,357,200	13,141,000
2026-2030	25,881,200	16,066,300	9,814,900
2031-2035	26,360,300	20,851,300	5,509,000
2036-2038	10,531,600	9,806,200	725,400
Total Minimum Lease Payments	\$ 139,136,474	\$ 76,501,164	\$ 62,635,310

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

NOTE 8: DERIVATIVE INSTRUMENTS

Fixed Rate Swap

Series 2008B COPS's Swap Agreement. On December 11, 2008, the District entered into an interest rate swap in connection with its \$60,000,000 Series 2008B variable rate COPSs. The intention of the swap was to effectively change the District's variable interest rate on the debt to a synthetic fixed rate of 1.778%. The Series 2008B COPS and the related swap agreement mature on December 1, 2011. Under the requirements of the swap, the District receives a variable payment based on the SIFMA index from the counterparty. The District's Series 2008B COPS's are currently priced in a weekly mode and the SIFMA index reflects weekly interest rates.

The fair value balance and notional amount of the derivative instrument outstanding at June 30, 2010, classified by type, and the change in fair value of such derivative instrument for the year then ended as reported in the 2010 financial statements is as follows:

	Changes in Fair Value		Fair Value at 6/30/10		
	Classification	Amount	Classification	Amount	Notional
Governemental Activities					
Cash Flow Hedges:					
2008B-Interest Rate Swap	Deferred outflow of resources	\$ (479,914)	Debt	<u>\$ (1,062,914)</u>	\$ 60,000,000

Risks:

Basis risk: The risk that the payment the District receives and the payment it makes will differ, sometimes significantly, due to changes in prevailing tax laws, market conditions and credit. The difference between basis of payments can result in a current financial obligation at an inopportune time.

Interest rate risk: Fluctuations in interest rates will significantly affect the payment the District is obligated to make or is entitled to receive. Fluctuations in interest will also affect the market value of the swaps.

Termination risk: The swap may be subject to either optional or mandatory termination without the District's consent in accordance with the terms of the swap agreement. If the swap is "in-the-money" to the counterparty upon early termination, there is an obligation to make a termination payment representing the market value of the swap.

Credit risk: The District entered into the swaption transaction with the Bank of America (BOA). There is a risk that the BOA could run into financial difficulty and be unable to meet its obligations during the swaption term, thereby eliminating the potential cash flow benefit to the District.

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

NOTE 9: DEFEASED DEBT

On August 15, 2009, the Board issued \$1,285,000 in State Board of Education Bonds, Series 2009-A, with an average interest rate of 4.80 percent, to refund the District's State Board of Education Bonds, Series 1999-A. The Refunding Bonds are being issued to refund the \$1,410,000 principal amount of the District's State Board of Education Bonds, Series 1999-A that mature on or after January 1, 2009. The net proceeds of \$1,388,370 (after payment of \$11,668 in underwriting fees, insurance, and other issuance costs) were placed in an irrevocable trust to call on January 1, 2010, all outstanding bonds and to pay all accrued interest on the State Board of Education Bonds, Series 1999-A. As a result, \$1,410,000 of the 1999-A series bonds are considered to be in-substance defeased and the liability for these bonds has been removed from the government-wide financial statements.

The Series 1999-A State Board of Education Bonds were refunded to reduce its total debt service payments over the next ten years by approximately \$185,336 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$165,533.

On December 14, 2009, the Board issued \$26,950,000 in Certificates of Participation, Series 2009-A, with an average interest rate of 4.52 percent, to refund a portion of the District's Certificates of Participation, Series 1999A. The Refunding Certificates are being issued to refund the \$36,430,000 principal amount of the District's Certificates of Participation, Series, 1999A, that mature on or after August 1, 2009. The net proceeds of \$28,742,516, which included \$250,000 of additional debt service payments by the District (after payment of \$268,870 in underwriting fees, insurance, and other issuance costs) were placed in an irrevocable trust to call on January 21, 2010, all outstanding future debt payments on the Certificates of Participation, Series 1999A. As a result, \$27,885,000 of the 1999A series bonds are considered to be in-substance defeased and the liability for these bonds has been removed from the government-wide financial statements.

The Series 1999A Certificates of Participation were refunded to reduce its total debt service payments over the next three years by approximately \$1,196,193 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$1,148,380.

In prior years, the District defeased State Board of Education Bonds, 2000-A and Certificates of Participation, Series 1991A, Series 1993A, and a portion of the Certificates of Participation, Series 1995A and 1996A by creating separate irrevocable trust funds. New debt was issued and the proceeds were used to purchase U.S. Government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and, therefore, removed as a liability from the District's long-term debt. As of June 30, 2010, the amount of defeased debt outstanding is \$62,030,000.

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2010

NOTE 10: RESERVE FOR ENCUMBRANCES

Appropriations in governmental fund types are encumbered upon issuance of purchase orders for goods and/or 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 year's appropriations are likewise encumbered.

The Florida Department of Education requires that fund balances be reserved at year-end to report an amount likely to be expended from the fiscal year 2010-2011 budget as a result of purchase orders outstanding at June 30, 2010.

NOTE 11: SCHEDULE OF STATE REVENUE SOURCES

The following is a schedule of the District's State revenue for the 2009-10 fiscal year:

Source	Amount
Florida Education Finance Program	\$ 55,848,837
Categorical Educational Programs:	
Class Size Reduction	88,741,650
Other	5,911,240
Gross Receipts Tax (Public Education Capital Outlay)	1,088,067
Workforce Development Program	9,668,879
Discretionary Lottery Funds	227,084
Charter School Capital Outlay Funding	4,891,005
Motor Vehicle License Tax (Capital Outlay and Debt Service)	3,203,840
Mobile Home License Tax	496,031
Food Service Supplement	512,098
Racing Commission Funds	223,250
Miscellaneous	974,458
Total	\$ 171,786,439

Accounting policies relating to certain State revenue sources are described in Note 1.

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2010

NOTE 12: PROPERTY TAXES

The following is a summary of millages and taxes levied on the 2009 tax roll in fiscal year 2009-2010:

<u>General Fund:</u>	<u>Mills</u>	<u>Amount</u>
Nonvoted School Tax		
Required Local Effort	5.260	\$ 360,429,574
Basic Discretionary Local Effort	0.748	51,255,004
<u>Capital Projects Funds:</u>		
Nonvoted School Tax		
Local Improvements	1.500	102,784,099
Total	7.508	\$ 514,468,677

NOTE 13: STATE RETIREMENT PROGRAMS

All regular employees of the District are covered by one of two retirement plans maintained by the Florida Retirement System – A State-administered cost-sharing multiple employer defined benefit retirement plan (FRS Pension Plan), or a State-administered defined contribution plan (PEORP).

All retirement plan provisions are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code, wherein benefits are defined and described in detail.

Essentially, all regular employees of participating employers are eligible to enroll in either of the two retirement plans. Employees who do not choose a retirement plan are automatically enrolled in the FRS Pension Plan. A member of the FRS Pension Plan’s retirement pension benefit vests after six years of service. Members are eligible for normal retirement benefits at age 62 with six years of service, or at any age after thirty years of service and which may include up to four years of credit for military service. For normal retirement, benefit payments are based on the member’s best five-year average annual salary (average final compensation) times the number of years of service, and multiplied by a percentage ranging from 1.60 percent at either age 62 or with thirty years of service to 1.68 percent at age 65 or with thirty three years of service. Members may individually elect to receive decreased monthly benefits during their lifetime in order to provide survivor benefits to a spouse or dependent. Members are eligible for early retirement after six years of creditable service, but before age 62; however, normal benefits are reduced by five percent for each year a member retires before age 62.

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2010

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the PEORP in lieu of the Plan. District employees participating in the DROP are not eligible to participate in the PEORP. Employer contributions are defined by law; however, the ultimate benefit depends in part on the performance of investment funds. The PEORP is funded by employer contributions that are based on salary and membership class (Regular Class, Elected County Officers, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Benefits in the PEORP vest after one year of service. There were 1,597 District participants during the 2009-10 fiscal year. Contributions made to the PEORP totaled \$5,943,660, which equaled the required contributions.

The Florida Retirement System provides benefits in addition to the retirement pensions described above. Benefits include post-retirement payments for health care insurance, cost of living supplements and, for certain retirees, a supplement to cover social security benefits lost by virtue of retirement system membership. Members are eligible for in-line-of-duty disability benefits from the first day of employment, or regular disability benefits after eight years of service. Disability benefit payments are calculated in the same manner as retirement benefits, except that disability benefits are not less than 42 percent of the member's average final compensation for disability incurred in the line of duty and not less than 25 percent of the average final compensation for regular disability. Survivors of members who die in the line of duty are entitled to a monthly benefit equal to one-half of the member's monthly salary at death. Survivors of members whose death is other than in the line of duty may elect to either receive benefits as if the member had retired on the date of death and had opted to provide survivor benefits, or defer benefits to a later date and receive payments as if the member had retired at that later date.

Benefits described above are in summary form. Accordingly, not all conditions, limitations, and restrictions are mentioned.

Effective July 1, 1998, a Deferred Retirement Option Program (DROP) was established subject to provisions of Section 121.091, Florida Statutes. It permits employees eligible for normal retirement under the FRS Pension Plan to defer receipt of monthly benefit payments while continuing employment with a Florida Retirement System employer. An employee may participate in DROP for a period not to exceed sixty months after electing to participate, except that certain instructional personnel may participate in DROP for up to ninety six months upon authorization from the District's Superintendent. During the period of DROP participation, deferred monthly benefits are held in the Florida Retirement System Trust Fund and accrue interest.

The retirement plans' financial statements and other supplemental information are included in the comprehensive annual financial report of the State of Florida, which may be obtained from the Florida Department of Financial Services. Also, an annual report on the retirement plans, which includes the financial statements, required supplementary information, the actuarial report, and other relevant information, may be obtained from the Florida Department of Management Services, Division of Retirement.

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2010

Funding Policy

The contribution rates for retirement plan members are established, and may be amended, by the State of Florida. During fiscal year 2009-2010, contribution rates for the FRS Pension Plan and the FRS Investment Plan were as follows:

Class or Plan	Employer Contribution (Percent of Gross Salary)
Florida Retirement System, Regular	9.85
Florida Retirement System, Elected County Officers	16.53
Florida Retirement System, Senior Management Service	13.12
Deferred Retirement Option Program (Applicable to members from all of the above classes or plans)	10.91
Florida Retirement System, Re-Employed Retiree, Regular	9.85

Note: Employer rates include the post-employment health insurance supplement of 1.11 percent. The District's fiscal year 2009-2010 payrolls subject to FRS employer contributions for all employees totaled \$377,337,296. Required contributions made to the Florida Retirement System for fiscal years June 30, 2008; June 30, 2009; and June 30, 2010, totaled \$39,722,509; \$39,078,223; and \$37,492,245 respectively which were equal to the required contributions for each fiscal year.

NOTE 14: EARLY RETIREMENT INCENTIVE PROGRAM

As authorized by Section 1012.685, Part VII, Florida Statutes, the Board implemented an Early Retirement Plans (Plans) effective July 1, 1995, July 1, 1997, and July 1, 1999. The plans were offered to eligible employees on a one-time basis until May 15, 1995, May 15, 1997, and May 15, 1999, respectively. The purpose of the Plans was to provide eligible employees, who elect to retire under the retirement provisions of the Florida Retirement System (FRS), described in Note 12, with one of several incentive options which supplement the employee's (participant's) retirement benefits. A summary of the plan eligibility, benefits, and contribution obligations for the 1995 Plan follows:

Eligibility

Participants must be 57 years of age with a minimum of five years of service with the School District of Lee County (District) or 62 years of age with at least ten years of FRS service and a minimum of five years of service with the District or any age with at least thirty years of FRS service and a minimum of five years of service with the District.

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

Benefits

Incentive option one includes a bonus equal to twenty-five percent of the employee's final annual salary, health contribution by the District for eight continuous years, and a life insurance benefit of \$10,000.

Incentive option two includes lifetime monthly payments for five years to offset the FRS early retirement penalty of five percent per year when an employee retires prior to age 62 with less than thirty years FRS service and a life insurance benefit for the retiree's beneficiary of \$10,000.

Incentive option three includes monthly payments for five years to offset the FRS early retirement penalty of five percent per year when an employee retires prior to age 62 with less than thirty years FRS service, a health insurance contribution by the District for eight continuous years, and a life insurance benefit of \$10,000.

The amount of the bonuses (if applicable) and accumulated leave pay are paid in five annual installments into an Internal Revenue Code 457F deferred compensation plan and directed into an investment fund selected by the participant. Alternatively, the participant may elect to receive twenty-five percent of the annual installments directly with the balance going into the deferred compensation plan.

Contributions

No contributions shall be required or permitted from any participant. The annual amounts contributed by the District are the actual amounts payable to participants or on their behalf for contributions to the 457F deferred compensation plan, retirement benefits, and premiums for health and life insurance coverage.

Eligibility, benefits, and contributions are similar under the three Plans except that the 1997 Plan included only options one and three above less the \$10,000 insurance benefit plus a cost of living adjustment (as used by the FRS) for years two through five in option three. The 1999 Plan included options one and three above less the \$10,000 insurance benefit plus a cost of living adjustment (as used by the FRS) for years two through five in option three. For the 1997 and 1999 Plans, the health insurance contribution by the District is for five, not eight, continuous years.

The District reported a liability in its Statement of Net Assets of \$1,283,000 to recognize the present value of its obligation to pay death benefits to, or on behalf of, these retired employees. The Board has purchased life insurance on the participants, with itself as the beneficiary, to recover costs of the 1995 Plan over time.

The District has retained an administrator to handle the receipt of contributions and the disbursements of benefits to Plan participants.

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2010

NOTE 15: OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The postemployment healthcare benefits plan is a single-employer defined benefit plan administered by the District. Pursuant to the provision of the Section 112.0801, Florida Statutes, former employees who retire from the District, and eligible dependents, may continue to participate in the District's health plan for medical and prescription coverage. The District subsidizes the premium rates paid by the retirees by allowing them to participate in the plan at the blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. The postemployment healthcare plan does not issue a stand-alone report and is not included in the report of a Public Employee Retirement System or other entity.

Funding Policy

The District has not advance-funded or established a funding methodology for the annual Other Postemployment Benefit (OPEB) costs or the net OPEB obligation. For the 2009-10 fiscal year, 570 retirees received health care benefits. The District provided contributions of \$1,684,757 toward the annual OPEB cost, comprised of benefit payments made on behalf of retirees net of retiree contributions totaling \$3,424,967.

Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed twenty years. The following table shows the District's annual OPEB cost for the year, the amount contributed to the plan, and changes in the District's net OPEB obligation:

Employer Fiscal Year Ending June 30	2010
Annual required Contribution	\$ 5,578,379
Interest on Net OPEB Obligation	402,595
Adjustment to ARC	(468,002)
Annual OPEB Cost (Expense)	<u>5,512,972</u>
Contribution toward the OPEB cost	<u>(1,684,757)</u>
Increase in Net OPEB Obligation	3,828,215
Net OPEB Obligation, Beginning of year	8,946,548
Net OPEB Obligation, End of year	<u><u>\$ 12,774,763</u></u>

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2010

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2010 and the two preceding year, were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	OPEB Obligation
June 30, 2010	\$ 5,512,972	30.6%	\$12,774,763
June 30, 2009	\$ 7,625,010	40.5%	\$ 8,946,548
June 30, 2008	\$ 7,257,409	39.2%	\$ 4,412,142

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2010, was as follows:

Actuarial Accrued Liability (a)	\$ 49,213,459
Actuarial Value of Plan Assets (b)	-
Unfunded Actuarial Accrued Liability (c)=(a-b)	<u>\$ 49,213,459</u>
Funded Ratio (b/a)	0.0%
Covered Payroll (Active Plan Members) (d)	\$ 368,603,555
UALL as a Percentage of Covered Payroll (c/d)	13.35%

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 costs trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

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.

Compared to the previous valuation, the Unfunded Actuarial Accrued Liability and the Annual OPEB Cost decreased significantly. One factor that contributed to this change was the total cost of coverage for retirees decreased from \$848 per subscriber per month (as expected for the calendar year 2007) to \$812 per subscriber per month for the year ending March 31, 2009. This is a substantially lower number than \$954 per subscriber

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2010

per month expected at the time the previous valuation was performed. Another factor that contributed to this change was the number of retirees currently covered under the health plan decreased from 586 in the last valuation to 570 this year. The previous valuation projected that number to increase. At the same time, the number of active employees decreased from 9,482 to 9,193. The previous valuation did not project any changes among covered active employees. These changes combined with modest increases in premium amounts collected from retirees had a significant decreasing effect on liability and expense.

In the January 1, 2009 OPEB actuarial valuation, entry age actuarial cost method was used. This method was selected because it produced the lowest OPEB liability and annual cost. Because the OPEB liability is currently unfunded, the actuarial assumptions include a 4.5 percent rate of return on invested assets, which is the District's long-term expectation of investment returns under its investment policy. The actuarial assumptions also includes a payroll growth of four percent per year, and an annual healthcare cost trend rate of 9.0 percent initially for the 2009-10 fiscal year, reduced by .5 percent per year, to a set rate of 5.0 percent in 2018 and thereafter. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period at June 30, 2010, is twenty years.

NOTE 16: VESTED INTERESTS IN UTILITY COOPERATIVES

The District has purchased electricity since 1969 from the *Lee County Electric Cooperative, Inc.* The District's estimated vested interest in this Cooperative is \$6,675,080 at December 31, 2009 which is recorded as an asset on the statement of net assets. Such interest, also referred to as capital credits, would be payable to the District over a thirty-year period should the District terminate its business relationship with the Cooperative. During the fiscal year, the District recorded the earned capital credits as other local sources revenue in the government-wide statement and recorded general revenues on the governmental fund statements as the District received capital credits. The District would receive capital credits from *Bonita Springs Water System, Inc.* or *Greater Pine Island Water Association, Inc.* only in the unlikely event that they were to permanently cease operations. During the fiscal year, the District did not record any general revenue for capital credits earned from *Bonita Springs Water System, Inc.* or *Greater Pine Island Water Association, Inc.*

NOTE 17: 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. Buildings and contents are insured. Workers' compensation, automobile liability, and general liability coverage are self-insured up to specified limits. The District purchases policies with various insurance companies to provide coverage excess of claims amounts above the stated self-insured retention deductible on any individual/aggregate claim. The District has contracted with a third-party administrator to administer the property/casualty program, including the processing, investigation, and payment of claims.

Health coverage was being provided through purchased commercial insurance until March 31, 2007. As of April 01, 2007, the District returned to providing health coverage through a self-insurance program administered by an outside provider. The District reports the self-insurance programs in the Internal Service Funds. Amounts are transferred from various funds to the Internal Service Funds to provide sufficient resources

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2010

to cover claims incurred, to pay for the purchase of excess insurance, and to pay the insurance services agent's administrative fees.

There have been no significant reductions in insurance coverage. Settled claims resulting from risks described above have not exceeded commercial insurance coverage for the past three fiscal years.

A liability in the amount of \$11,278,661 was actuarially determined to cover outstanding claims and estimated incurred but not reported insurance claims payable for the Self-Insurance-Casualty, Liability and Workers' Compensation Fund, at June 30, 2010. A liability in the amount of \$10,416,549 was actuarially determined to cover outstanding claims and estimated incurred but not reported insurance claims payable for the Self-Insurance- Health Insurance Fund, at June 30, 2010.

The following schedule represents the change in claims liability for the past two fiscal years for the District's self-insurance programs:

Casualty, Liability, Workers' Compensation Self Insurance Fund:

	Beginning of Fiscal Year Liability	Current-Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2008 – 2009	\$ 8,505,338	\$ 4,739,362	\$ (3,173,185)	\$ 10,071,515
2009 – 2010	\$ 10,071,515	\$ 6,042,967	\$ (4,835,821)	\$ 11,278,661

Health Insurance Self Insurance Fund:

	Beginning of Fiscal Year Liability	Current-Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2008 – 2009	\$ 20,021,922	\$ 72,672,523	\$ (79,706,339)	\$ 12,988,106
2009 – 2010	\$ 12,988,106	\$ 67,524,103	\$ (70,095,660)	\$ 10,416,549

NOTE 18: LITIGATION

The District is contingently liable with respect to lawsuits and other claims that arise in the ordinary course of its operation. Management believes that any liability arising from such claims would be immaterial to the financial statements.

REQUIRED SUPPLEMENTARY
INFORMATION

THE SCHOOL DISTRICT OF LEE COUNTY
SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS
For the Fiscal Year Ended June 30, 2010

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
October 1, 2006	\$ -	\$ 70,964,299	\$ 70,964,299	0.0%	\$ 344,160,676	20.6%
October 1, 2006	-	70,964,299	70,964,299	0.0%	357,898,259	19.8%
January 1, 2009	-	49,213,459	49,213,459	0.0%	368,603,555	13.4%

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OTHER SUPPLEMENTARY
INFORMATION

**COMBINING AND INDIVIDUAL
FUND STATEMENTS
AND SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Two special revenue funds account for certain revenues derived from the State of Florida, the Federal Government, and other local and private sources and required to finance designated activities. Activities included within the funds are as follows:

Contracted Programs Fund: To account for and report on activities of various programs of different funding sources according to the specifications and requirements of each funding source.

Food Service Fund: The account for and report on activities of the Food Service Program in serving breakfast and lunch at the schools.

Debt Service Funds

One debt service fund is used to account for the payment of interest and principal of the current portion on long-term debt.

State Board of Education Bonds Fund (SBE/COBI): To account for and report on payment of principal, interest, and related costs on the State School Bonds issued by the State Board of Education on behalf of the District. These bonds are payable from the District's portion of the State-assessed Motor Vehicles License Tax.

(continued)

NONMAJOR GOVERNMENTAL FUNDS (continued)

Capital Projects Funds

Three capital projects funds are used to account for the financing and acquisition or construction of major capital facilities, such as new school buildings or additions to existing buildings, or for major renovation projects. Specific funding sources are:

Section 1011.14, F.S., Loan Fund: To account for and report on funds received from the issuance of Revenue Anticipation Notes, Series 2001.

Public Education Capital Outlay (PECO) Fund: To account for and report on funds received from the State for the construction and maintenance of schools.

Capital Outlay and Debt Service Fund: To account for and report on the excess dollars from the debt service funds, used for construction and maintenance of schools.

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THE SCHOOL DISTRICT OF LEE COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2010

	Total Nonmajor Governmental Funds	Special Revenue Funds		Debt Service Funds
		Contracted Programs	Food Service	SBE/COBI Bonds Fund
ASSETS				
Cash	\$ 7,247,895	\$ 1,944	\$ 4,152,478	\$ -
Investments	5,438,473	-	5,000,000	438,473
Accounts Receivable	24,574	-	16,328	-
Due from other Agencies	4,863,180	993,831	1,420,930	-
Inventory	257,172	-	257,172	-
Total Assets	\$ 17,831,294	\$ 995,775	\$ 10,846,908	\$ 438,473
LIABILITIES AND FUND BALANCES				
Accounts Payable	\$ 635,437	\$ 468,782	\$ 161,994	\$ -
Construction Contracts Payable- Retainage	109,112	-	-	-
Due to other Funds	547,334	526,993	-	-
Total Liabilities	1,291,883	995,775	161,994	-
Fund Balance				
Reserve for:				
Encumbrances	333,892	-	269,352	-
Inventory	257,172	-	257,172	-
Debt Service	438,473	-	-	438,473
Unreserved, reported in:				
Special Revenue Funds	10,158,390	-	10,158,390	-
Capital Projects Funds	5,351,484	-	-	-
Total Fund Balances	16,539,411	-	10,684,914	438,473
Total Liabilities and Fund Balances	\$ 17,831,294	\$ 995,775	\$ 10,846,908	\$ 438,473

Capital Projects Funds

Section 1011.14 Loan Fund	Public Education Capital Outlay Fund	Capital Outlay and Debt Service Fund
\$ -	\$ 4,661	\$ 3,088,812
-	-	-
-	8,246	-
-	2,448,419	-
-	-	-
<u>\$ -</u>	<u>\$ 2,461,326</u>	<u>\$ 3,088,812</u>
\$ -	\$ 4,661	\$ -
-	109,112	-
-	20,341	-
-	134,114	-
-	64,540	-
-	-	-
-	-	-
-	-	-
-	2,262,672	3,088,812
-	2,327,212	3,088,812
<u>\$ -</u>	<u>\$ 2,461,326</u>	<u>\$ 3,088,812</u>

THE SCHOOL DISTRICT OF LEE COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2010

	<u>Special Revenue Funds</u>			<u>Debt Service Funds</u>
	Total Nonmajor Governmental Funds	Contracted Programs	Food Service	SBE/COBI Bonds Fund
Revenues				
Federal Direct Sources	\$ 7,574,247	\$ 7,574,247	\$ -	\$ -
Federal Through State Sources	64,397,922	40,539,716	23,858,206	-
State Sources	4,841,275	-	512,098	2,289,107
Local Sources	7,480,408	-	7,468,213	-
Total Revenues	84,293,852	48,113,963	31,838,517	2,289,107
EXPENDITURES				
Current				
Instruction	28,917,825	28,917,825	-	-
Pupil Personnel Services	4,276,558	4,276,558	-	-
Instructional Media Services	197,654	197,654	-	-
Instruction and Curriculum Development Services	6,799,143	6,799,143	-	-
Instructional Staff Training Services	4,223,563	4,223,563	-	-
General Administration	1,453,338	1,453,338	-	-
School Administration	98,644	98,644	-	-
Facilities Services	347,347	265,470	-	-
Food Service	26,979,027	-	26,979,027	-
Central Services	226,096	226,096	-	-
Pupil Transportation Services	310,195	310,195	-	-
Operation of Plant	186,879	186,879	-	-
Community Services	78,765	78,765	-	-
Capital Outlay				
Facilities Acquisition and Construction	5,275,084	2,200	-	-
Other Capital Outlay	1,155,499	1,077,633	77,866	-
Debt Service				
Principal	1,485,000	-	-	1,485,000
Interest and Fiscal Charges	852,049	-	-	850,445
Total Expenditures	82,862,666	48,113,963	27,056,893	2,335,445
Excess (Deficiency) of Revenues Over Expenditures	1,431,186	-	4,781,624	(46,338)
OTHER FINANCING SOURCES (USES)				
Issuance of Refunding Bonds	1,285,000	-	-	1,285,000
Premium on Refunding Bonds	115,038	-	-	115,038
Loss Recoveries	6,137	-	6,137	-
Payments to Refunded Bond Escrow Agent Transfer Out	(1,388,370) (629,721)	-	-	(1,388,370) -
Total Other Financing Sources (Uses)	(611,916)	-	6,137	11,668
Net Change in Fund Balance	819,270	-	4,787,761	(34,670)
Fund Balance, Beginning	15,720,141	-	5,897,153	473,143
Fund Balance, Ending	\$ 16,539,411	\$ -	\$ 10,684,914	\$ 438,473

Capital Projects Funds

Section 1011.14 Loan Fund	Public Education Capital Outlay Fund	Capital Outlay and Debt Service Fund
\$ -	\$ -	\$ -
-	-	-
-	1,088,067	952,003
<u>3,429</u>	-	<u>8,766</u>
<u>3,429</u>	<u>1,088,067</u>	<u>960,769</u>
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	81,877	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
83,004	5,188,840	1,040
-	-	-
-	-	-
-	-	<u>1,604</u>
<u>83,004</u>	<u>5,270,717</u>	<u>2,644</u>
<u>(79,575)</u>	<u>(4,182,650)</u>	<u>958,125</u>
-	-	-
-	-	-
-	-	-
-	-	-
-	(629,721)	-
-	<u>(629,721)</u>	-
(79,575)	(4,812,371)	958,125
<u>79,575</u>	<u>7,139,583</u>	<u>2,130,687</u>
<u>\$ -</u>	<u>\$ 2,327,212</u>	<u>\$ 3,088,812</u>

**THE SCHOOL DISTRICT OF LEE COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
CERTIFICATES OF PARTICIPATION - DEBT SERVICE FUND (MAJOR GOVERNMENTAL FUND)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Certificates of Participation			Variance with Final Budget - Under (Over)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Local Sources				
Interest Income	\$ -	\$ -	\$ 1,219	\$ (1,219)
Total Local Sources	-	-	1,219	(1,219)
Total Revenues	-	-	1,219	(1,219)
EXPENDITURES				
Debt Service				
Principal	25,364,161	25,459,445	25,459,446	(1)
Interest and Fiscal Charges	23,459,589	23,266,251	22,554,289	711,962
Total Expenditures	48,823,750	48,725,696	48,013,735	711,961
Deficiency of Revenues Over Expenditures	(48,823,750)	(48,725,696)	(48,012,516)	(713,180)
OTHER FINANCING SOURCES (USES)				
Transfer In	48,823,750	48,651,233	48,052,798	598,435
Certificates of Participation Issued	-	26,950,000	26,950,000	-
Premium on Certificates of Participation Issued	-	1,811,386	1,811,386	-
Payments to Refunded Bond Escrow Agent	-	(28,742,516)	(28,742,516)	-
Total Other Financing Sources (Uses)	48,823,750	48,670,103	48,071,668	598,435
Net Change In Fund Balance	-	(55,593)	59,152	(114,745)
Fund Balance, Beginning	124,983	124,983	124,983	-
Fund Balance, Ending	\$ 124,983	\$ 69,390	\$ 184,135	\$ (114,745)

**THE SCHOOL DISTRICT OF LEE COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
LOCAL CAPITAL IMPROVEMENT TAX - CAPITAL PROJECTS FUND (MAJOR GOVERNMENTAL FUND)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Local Capital Improvement Tax			Variance with Final Budget - Under (Over)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Local Sources				
Ad Valorem Taxes	\$ 97,716,831	\$ 97,969,349	\$ 99,477,337	\$ (1,507,988)
Interest Income	1,114,358	1,114,358	808,042	306,316
Total Local Sources	<u>98,831,189</u>	<u>99,083,707</u>	<u>100,285,379</u>	<u>(1,201,672)</u>
 Total Revenues	 <u>98,831,189</u>	 <u>99,083,707</u>	 <u>100,285,379</u>	 <u>(1,201,672)</u>
EXPENDITURES				
Current				
Facilities Services	-	46,465	46,446	19
Capital Outlay				
Facilities Acquisition and Construction	<u>201,191,111</u>	<u>216,807,906</u>	<u>70,828,581</u>	<u>145,979,325</u>
Total Expenditures	<u>201,191,111</u>	<u>216,854,371</u>	<u>70,875,027</u>	<u>145,979,344</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(102,359,922)</u>	<u>(117,770,664)</u>	<u>29,410,352</u>	<u>(147,181,016)</u>
OTHER FINANCING USES				
Transfer Out	<u>(68,420,275)</u>	<u>(70,219,233)</u>	<u>(69,721,674)</u>	<u>(497,559)</u>
Total Other Financing Uses	<u>(68,420,275)</u>	<u>(70,219,233)</u>	<u>(69,721,674)</u>	<u>(497,559)</u>
Net Change in Fund Balance	<u>(170,780,197)</u>	<u>(187,989,897)</u>	<u>(40,311,322)</u>	<u>(147,678,575)</u>
Fund Balance, Beginning	<u>205,263,121</u>	<u>205,231,359</u>	<u>205,231,359</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 34,482,924</u>	<u>\$ 17,241,462</u>	<u>\$ 164,920,037</u>	<u>\$ (147,678,575)</u>

**THE SCHOOL DISTRICT OF LEE COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
CERTIFICATES OF PARTICIPATION/IMPACT FEES/STATE GRANTS - CAPITAL PROJECTS FUND
(MAJOR GOVERNMENTAL FUND)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Certificates of Participation/Impact Fees/State Grants</u>			Variance with Final Budget - Under (Over)
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	
	<u>Original</u>	<u>Final</u>		
REVENUES				
State Sources:				
Charter School Capital Outlay	\$ 4,419,974	\$ 5,027,238	\$ 4,891,005	\$ 136,233
State Grants and Other State Sources	100,000	100,000	479,056	(379,056)
Total State Sources	<u>4,519,974</u>	<u>5,127,238</u>	<u>5,370,061</u>	<u>(242,823)</u>
Local Sources				
Interest Income	387,892	387,892	640,707	(252,815)
Gifts, Grants and Bequests	-	-	1,048,809	(1,048,809)
Impact Fees	3,000,000	3,000,000	4,682,432	(1,682,432)
Local Grants and Other Local Sources	-	464,760	22,094	442,666
Total Local Sources	<u>3,387,892</u>	<u>3,852,652</u>	<u>6,394,042</u>	<u>(2,541,390)</u>
Total Revenues	<u>7,907,866</u>	<u>8,979,890</u>	<u>11,764,103</u>	<u>(2,784,213)</u>
EXPENDITURES				
Current				
Facilities Services	-	155,077	155,077	-
Capital Outlay				
Facilities Acquisition and Construction	<u>96,925,565</u>	<u>96,801,326</u>	<u>11,525,652</u>	<u>85,275,674</u>
Total Expenditures	<u>96,925,565</u>	<u>96,956,403</u>	<u>11,680,729</u>	<u>85,275,674</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(89,017,699)</u>	<u>(87,976,513)</u>	<u>83,374</u>	<u>(88,059,887)</u>
OTHER FINANCING USES				
Transfer Out	<u>(4,419,974)</u>	<u>(5,469,904)</u>	<u>(5,333,671)</u>	<u>(136,233)</u>
Total Other Financing Uses	<u>(4,419,974)</u>	<u>(5,469,904)</u>	<u>(5,333,671)</u>	<u>(136,233)</u>
Net Change In Fund Balance	<u>(93,437,673)</u>	<u>(93,446,417)</u>	<u>(5,250,297)</u>	<u>(88,196,120)</u>
Fund Balance, Beginning	<u>93,437,673</u>	<u>93,446,417</u>	<u>93,446,417</u>	<u>-</u>
Fund Balance, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,196,120</u>	<u>\$ (88,196,120)</u>

**THE SCHOOL DISTRICT OF LEE COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
CONTRACTED PROGRAMS - SPECIAL REVENUE FUND (NONMAJOR GOVERNMENTAL FUND)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Contracted Programs			Variance with Final Budget - Under (Over)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Federal Direct Sources:				
Miscellaneous Federal Direct	\$ 7,573,178	\$ 8,591,501	\$ 7,574,247	\$ 1,017,254
Total Federal Direct Sources	<u>7,573,178</u>	<u>8,591,501</u>	<u>7,574,247</u>	<u>1,017,254</u>
Federal Through State Sources:				
Other Federal Through State Grants	52,421,699	49,235,724	40,539,716	8,696,008
Total Federal Through State Sources	<u>52,421,699</u>	<u>49,235,724</u>	<u>40,539,716</u>	<u>8,696,008</u>
 Total Revenues	 <u>59,994,877</u>	 <u>57,827,225</u>	 <u>48,113,963</u>	 <u>9,713,262</u>
EXPENDITURES				
Current				
Instruction	34,226,229	33,515,744	28,917,825	4,597,919
Pupil Personnel Services	5,096,186	4,792,467	4,276,558	515,909
Instructional Media Services	572,865	204,168	197,654	6,514
Instruction and Curriculum Development Services	8,408,304	7,639,747	6,799,143	840,604
Instructional Staff Training Services	8,240,921	6,417,703	4,223,563	2,194,140
Board	58	53,317	-	53,317
General Administration	1,987,074	1,925,235	1,453,338	471,897
School Administration	129,807	111,932	98,644	13,288
Facilities Services	184,647	409,960	265,470	144,490
Fiscal Services	6,528	24,528	-	24,528
Central Services	216,608	273,464	226,096	47,368
Pupil Transportation Services	354,021	397,013	310,195	86,818
Operation of Plant	478,543	437,531	186,879	250,652
Community Services	93,086	93,085	78,765	14,320
Capital Outlay				
Facilities Acquisition and Construction	-	62,678	2,200	60,478
Other Capital Outlay	-	1,468,653	1,077,633	391,020
 Total Expenditures	 <u>59,994,877</u>	 <u>57,827,225</u>	 <u>48,113,963</u>	 <u>9,713,262</u>
 Excess (Deficiency) of Revenues Over Expenditures	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Net Change in Fund Balance	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**THE SCHOOL DISTRICT OF LEE COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOOD SERVICE - SPECIAL REVENUE FUND (NONMAJOR GOVERNMENTAL FUND)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Food Service			Variance with Final Budget - Under (Over)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Federal Through State Sources:				
Food Service	\$ 21,143,928	\$ 21,658,384	\$ 23,858,206	\$ (2,199,822)
Total Federal Through State Sources	<u>21,143,928</u>	<u>21,658,384</u>	<u>23,858,206</u>	<u>(2,199,822)</u>
State Sources:				
Food Services	485,404	485,404	511,914	(26,510)
State Grants and Other State Sources	-	-	184	(184)
Total State Sources	<u>485,404</u>	<u>485,404</u>	<u>512,098</u>	<u>(26,694)</u>
Local Sources				
Interest Income	-	-	17,924	(17,924)
Food Service Sales	9,771,117	9,779,117	7,439,254	2,339,863
Local Grants and Other Local Sources	-	-	11,035	(11,035)
Total Local Sources	<u>9,771,117</u>	<u>9,779,117</u>	<u>7,468,213</u>	<u>2,310,904</u>
 Total Revenues	 <u>31,400,449</u>	 <u>31,922,905</u>	 <u>31,838,517</u>	 <u>84,388</u>
EXPENDITURES				
Current				
Food Service	33,873,955	34,493,092	26,979,027	7,514,065
Capital Outlay				
Other Capital Outlay	-	-	77,866	(77,866)
 Total Expenditures	 <u>33,873,955</u>	 <u>34,493,092</u>	 <u>27,056,893</u>	 <u>7,436,199</u>
Excess (Deficiency) of Revenues Over Expenditures	 <u>(2,473,506)</u>	 <u>(2,570,187)</u>	 <u>4,781,624</u>	 <u>(7,351,811)</u>
OTHER FINANCIAL SOURCES				
Loss Recoveries		6,137	6,137	-
 Total Other Financial Sources	 <u>-</u>	 <u>6,137</u>	 <u>6,137</u>	 <u>-</u>
 Net Change in Fund Balance	 <u>(2,473,506)</u>	 <u>(2,564,050)</u>	 <u>4,787,761</u>	 <u>(7,351,811)</u>
Fund Balance, Beginning	<u>5,897,685</u>	<u>5,897,153</u>	<u>5,897,153</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 3,424,179</u>	<u>\$ 3,333,103</u>	<u>\$ 10,684,914</u>	<u>\$ (7,351,811)</u>

**THE SCHOOL DISTRICT OF LEE COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
SBE/COBI BONDS - DEBT SERVICE FUND (NONMAJOR GOVERNMENTAL FUND)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	SBE/COBI Bonds			Variance with Final Budget - Under (Over)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
State Sources:				
CO & DS withheld for SBE/COBI Bonds	\$ 2,328,253	\$ 2,322,444	\$ 2,287,774	\$ 34,670
SBE/COBI Bond Interest	-	1,333	1,333	-
Total State Sources	<u>2,328,253</u>	<u>2,323,777</u>	<u>2,289,107</u>	<u>34,670</u>
 Total Revenues	 <u>2,328,253</u>	 <u>2,323,777</u>	 <u>2,289,107</u>	 <u>34,670</u>
EXPENDITURES				
Debt Service				
Principal	1,475,000	1,485,000	1,485,000	-
Interest and Fiscal Charges	853,253	850,445	850,445	-
Total Expenditures	<u>2,328,253</u>	<u>2,335,445</u>	<u>2,335,445</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>(11,668)</u>	<u>(46,338)</u>	<u>34,670</u>
OTHER FINANCIAL SOURCES (USES)				
Issuance of Refunding Bonds	-	1,285,000	1,285,000	-
Premium on Refunding Bonds	-	115,038	115,038	-
Payments to Refunded Bond Escrow Agent	-	(1,388,370)	(1,388,370)	-
Total Other Financial Sources (Uses)	<u>-</u>	<u>11,668</u>	<u>11,668</u>	<u>-</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	<u>(34,670)</u>	<u>34,670</u>
Fund Balance, Beginning	<u>473,143</u>	<u>473,143</u>	<u>473,143</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 473,143</u>	<u>\$ 473,143</u>	<u>\$ 438,473</u>	<u>\$ 34,670</u>

**THE SCHOOL DISTRICT OF LEE COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
SECTION 1011.14, FLORIDA STATUTES LOAN - CAPITAL PROJECTS FUND
(NONMAJOR GOVERNMENTAL FUND)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Section 1011.14 Florida Statutes Loan			Variance with Final Budget - Under (Over)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Local Sources				
Interest Income	\$ 250	\$ 250	\$ 3,429	\$ (3,179)
Total Local Sources	250	250	3,429	(3,179)
Total Revenues	250	250	3,429	(3,179)
EXPENDITURES				
Capital Outlay				
Facilities Acquisition and Construction	79,825	79,825	83,004	(3,179)
Total Expenditures	79,825	79,825	83,004	(3,179)
Deficiency of Revenues Over Expenditures	(79,575)	(79,575)	(79,575)	-
Net Change in Fund Balance	(79,575)	(79,575)	(79,575)	-
Fund Balance, Beginning	79,575	79,575	79,575	-
Fund Balance, Ending	\$ -	\$ -	\$ -	\$ -

**THE SCHOOL DISTRICT OF LEE COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
PUBLIC EDUCATION CAPITAL OUTLAY - CAPITAL PROJECTS FUND (NONMAJOR GOVERNMENTAL FUND)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Public Education Capital Outlay			Variance with Final Budget - Under (Over)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
State Sources:				
Public Education Capital Outlay	\$ 1,050,190	\$ 1,088,067	\$ 1,088,067	\$ -
Total State Sources	<u>1,050,190</u>	<u>1,088,067</u>	<u>1,088,067</u>	<u>-</u>
Local Sources				
Interest Income	1,500	1,500	-	1,500
Total Local Sources	<u>1,500</u>	<u>1,500</u>	<u>-</u>	<u>1,500</u>
 Total Revenues	 <u>1,051,690</u>	 <u>1,089,567</u>	 <u>1,088,067</u>	 <u>1,500</u>
EXPENDITURES				
Current				
Facilities Services	-	81,877	81,877	-
Capital Outlay				
Facilities Acquisition and Construction	7,641,083	7,510,666	5,188,840	2,321,826
 Total Expenditures	 <u>7,641,083</u>	 <u>7,592,543</u>	 <u>5,270,717</u>	 <u>2,321,826</u>
Deficiency of Revenues Over Expenditures	 <u>(6,589,393)</u>	 <u>(6,502,976)</u>	 <u>(4,182,650)</u>	 <u>(2,320,326)</u>
OTHER FINANCING USES				
Transfer Out	(550,190)	(636,607)	(629,721)	6,886
 Total Other Financing Uses	 <u>(550,190)</u>	 <u>(636,607)</u>	 <u>(629,721)</u>	 <u>6,886</u>
 Net Change in Fund Balance	 <u>(7,139,583)</u>	 <u>(7,139,583)</u>	 <u>(4,812,371)</u>	 <u>(2,327,212)</u>
Fund Balance, Beginning	7,139,583	7,139,583	7,139,583	-
Fund Balance, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,327,212</u>	<u>\$ (2,327,212)</u>

**THE SCHOOL DISTRICT OF LEE COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
CAPITAL OUTLAY AND DEBT SERVICE - CAPITAL PROJECTS FUND (NONMAJOR GOVERNMENTAL FUND)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Capital Outlay & Debt Service (CO and DS)</u>			Variance with Final Budget - Under (Over)
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	
	<u>Original</u>	<u>Final</u>		
REVENUES				
State Sources:				
CO and DS Distributed to Districts	\$ 951,612	\$ 951,612	\$ 916,066	\$ 35,546
Interest on Undistributed CO and DS	-	1,604	35,937	(34,333)
Total State Sources	<u>951,612</u>	<u>953,216</u>	<u>952,003</u>	<u>1,213</u>
Local Sources				
Interest Income	8,000	8,000	8,766	(766)
Total Local Sources	<u>8,000</u>	<u>8,000</u>	<u>8,766</u>	<u>(766)</u>
Total Revenues	<u>959,612</u>	<u>961,216</u>	<u>960,769</u>	<u>447</u>
EXPENDITURES				
Capital Outlay				
Facilities Acquisition and Construction	3,080,299	3,090,299	1,040	3,089,259
Debt Service				
Interest and Fiscal Charges	-	1,604	1,604	-
Total Expenditures	<u>3,080,299</u>	<u>3,091,903</u>	<u>2,644</u>	<u>3,089,259</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,130,687)</u>	<u>(2,130,687)</u>	<u>958,125</u>	<u>(3,088,812)</u>
Net Change in Fund Balance	<u>(2,130,687)</u>	<u>(2,130,687)</u>	<u>958,125</u>	<u>(3,088,812)</u>
Fund Balance, Beginning	<u>2,130,687</u>	<u>2,130,687</u>	<u>2,130,687</u>	<u>-</u>
Fund Balance, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,088,812</u>	<u>\$ (3,088,812)</u>

Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department to other departments within the District on a cost reimbursement basis. The following funds are included in the Internal Service Funds:

Health: To account for and report on funds received for and used to pay for medical benefits issued under the District's self-insured health program.

Other (Casualty, Liability, and Worker's Compensation): To account for and report on funds received for and used by the District's self-insured property, casualty, liability, and worker's compensation program.

THE SCHOOL DISTRICT OF LEE COUNTY
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
June 30, 2010

	Internal Service Funds		
	Total	Self Insurance	
		Health	Other
ASSETS			
Current Assets			
Cash	\$ 7,820,093	\$ 7,820,093	\$ -
Investments	30,906,057	30,906,057	-
Accounts Receivable	20,277	20,277	-
Due from Governmental Funds	11,443,933	-	11,443,933
Total Current Assets	50,190,360	38,746,427	11,443,933
Noncurrent Assets			
Restricted Cash With Fiscal Agent	310,000	10,000	300,000
Furniture, Fixtures and Equipment	1,498	1,498	-
Less Accumulated Depreciation	(1,498)	(1,498)	-
Total Noncurrent Assets	310,000	10,000	300,000
Total Assets	50,500,360	38,756,427	11,743,933
LIABILITIES			
Current Liabilities			
Accounts Payable	75,202	490	74,712
Unearned Premiums	11,801,230	11,801,230	-
Estimated Insurance Claims Payable	12,987,121	10,354,968	2,632,153
Liability for Compensated Absences	52,850	37,002	15,848
Total Current Liabilities	24,916,403	22,193,690	2,722,713
Long-Term Liabilities			
Estimated Insurance Claims Payable	8,708,089	61,581	8,646,508
Total Liabilities	33,624,492	22,255,271	11,369,221
NET ASSETS			
Restricted Cash With Fiscal Agent	310,000	10,000	300,000
Unrestricted	16,565,868	16,491,156	74,712
Total Net Assets	\$ 16,875,868	\$ 16,501,156	\$ 374,712

**THE SCHOOL DISTRICT OF LEE COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN FUND NET ASSETS
 INTERNAL SERVICE FUNDS
 For the Fiscal Year Ended June 30, 2010**

	Internal Service Funds		
	Total	Self Insurance	
		Health	Other
OPERATING REVENUES			
Premium Revenue	\$ 82,503,108	\$ 69,355,500	\$ 13,147,608
Other Operating Revenues	532,927	532,927	-
Total Operating Revenues	83,036,035	69,888,427	13,147,608
OPERATING EXPENSE			
Salaries	299,159	174,800	124,359
Employee Benefits	90,706	45,946	44,760
Purchased Services	10,566,730	4,108,136	6,458,594
Materials and Supplies	110	110	-
Insurance Claims	73,969,286	67,524,103	6,445,183
Total Operating Expenses	84,925,991	71,853,095	13,072,896
Operating Income (Loss)	(1,889,956)	(1,964,668)	74,712
NONOPERATING REVENUES			
Interest Income	97,714	97,714	-
Total Nonoperating Revenues	97,714	97,714	-
Changes in Net Assets	(1,792,242)	(1,866,954)	74,712
Net Assets - July 01, 2009	18,668,110	18,368,110	300,000
Net Assets - June 30, 2010	\$ 16,875,868	\$ 16,501,156	\$ 374,712

**THE SCHOOL DISTRICT OF LEE COUNTY
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2010**

	<u>Internal Service Funds</u>		
	<u>Total</u>	<u>Self Insurance</u>	
		<u>Health</u>	<u>Other</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers, Users and Participants	\$ 83,935,045	\$ 72,151,011	\$ 11,784,034
Cash Payments to Suppliers for Goods and Services	(11,249,940)	(4,463,793)	(6,786,147)
Cash Payments to Employees for Services	(373,712)	(211,646)	(162,066)
Cash Payments for Insurance Claims	(74,931,481)	(70,095,660)	(4,835,821)
Net Cash Used by Operating Activities	<u>(2,620,088)</u>	<u>(2,620,088)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	<u>97,714</u>	<u>97,714</u>	<u>-</u>
Net Cash Provided by Investing Activities	<u>97,714</u>	<u>97,714</u>	<u>-</u>
Net Decrease in Cash and Cash Equivalents	(2,522,374)	(2,522,374)	-
Cash and Cash Equivalents, Beginning	<u>41,248,524</u>	<u>41,248,524</u>	<u>-</u>
Cash and Cash Equivalents, Ending	<u>\$ 38,726,150</u>	<u>\$ 38,726,150</u>	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash Used by Operating Activities			
Operating Income (Loss)	<u>\$ (1,889,956)</u>	<u>\$ (1,964,668)</u>	<u>\$ 74,712</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used by Operating Activities:			
Change in Assets and Liabilities:			
Increase in Unearned Revenue	2,282,861	2,282,861	-
Increase in Accounts Receivable	(20,277)	(20,277)	-
Increase in Compensated Absences Payable	9,100	9,100	-
Increase (Decrease) in Accounts Payable	(280,884)	(355,547)	74,663
Increase in Due from Governmental Funds	(1,356,521)	-	(1,356,521)
Increase (Decrease) in Estimated Insurance Claims Payable	<u>(1,364,411)</u>	<u>(2,571,557)</u>	<u>1,207,146</u>
Total Adjustments	<u>(730,132)</u>	<u>(655,420)</u>	<u>(74,712)</u>
Net Cash Used by Operating Activities	<u>\$ (2,620,088)</u>	<u>\$ (2,620,088)</u>	<u>\$ -</u>

Fiduciary Funds

Agency Funds: To account for resources of the schools' internal funds that are used to administer monies collected at the schools for student, athletic, class, and club activities, etc.

THE SCHOOL DISTRICT OF LEE COUNTY
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS
For the Fiscal Year Ended June 30, 2010

	Internal Accounts			June 30, 2010
	July 1, 2009	Additions	Deletions	
ASSETS				
Cash	\$ 727,553	\$ 10,647	\$ -	\$ 738,200
Investments	6,001,140	-	37,522	5,963,618
Accounts Receivable	255,161	-	20,166	234,995
Inventory	445,764	-	26,068	419,696
Total Assets	\$ 7,429,618	\$ 10,647	\$ 83,756	\$ 7,356,509
LIABILITIES				
Accounts Payable and Other Current Liabilities	\$ 7,429,618	\$ -	\$ 73,109	\$ 7,356,509
Total Liabilities	\$ 7,429,618	\$ -	\$ 73,109	\$ 7,356,509

Discretely Presented Component Units

The component units' columns in the basic financial statements, pages 33 through 34, include the financial data of the District's discretely presented component units. The District's discretely presented component units consist of the following entities:

Charter Schools: Pursuant to Chapter 617, Florida Statutes, and Section 1002.33, Florida Statutes, the following charter schools are considered discretely presented component units: Bonita Springs Charter School, Bonita Preparatory & Fitness Academy, Cape Coral Charter School, Coronado High School, Ft. Myers Preparatory & Fitness Academy, Gateway Charter Elementary School, Gateway Charter Intermediate School, Gateway High Charter School, Goodwill Academies of Southwest Florida, Inc., The Island School, Inc., Lee Charter Academies, Inc., Lee Alternative Charter High School, L.I.F.E. Skills Center Lee County, Inc., North Nicholas High School, Richard Milburn Academy of Florida, Inc., and Six Mile Charter School.

The Foundation for Lee County Public Schools, Inc: The Foundation is a 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.

**THE SCHOOL DISTRICT OF LEE COUNTY
COMBINING SCHEDULE OF NET ASSETS
COMPONENT UNITS
June 30, 2010**

	Charter Schools			
	Bonita			
	Preparatory & Fitness Academy	Bonita Springs	Cape Coral	Coronado High School
ASSETS				
Cash	\$ 25,630	\$ 1,140,074	\$ -	\$ 390,532
Accounts receivable, net	-	34,220	244,943	9,471
Deposits Receivable	-	95,432	67,198	-
Due from other Agencies	-	31,786	8,369	-
Due from Fiduciary Funds	-	-	-	-
Prepaid Expenses	-	172,209	26,263	-
Capital assets:				
Improvements other than Buildings	-	117,585	17,007	-
Less Accumulated Depreciation	-	(71,591)	(4,168)	-
Buildings	-	-	17,721,743	-
Less Accumulated Depreciation	-	-	(1,439,893)	-
Furniture, Fixtures and Equipment	-	1,296,436	721,707	140,958
Less Accumulated Depreciation	-	(1,220,446)	(644,213)	(8,811)
Software	-	-	-	-
Less Accumulated Amortization	-	-	-	-
Total Assets	25,630	1,595,705	16,718,956	532,150
LIABILITIES				
Salaries and Wages Payable	-	426,626	202,912	-
Accounts Payable	25,630	282,509	88,679	398,746
Deferred Revenue	-	26,412	-	-
Noncurrent liabilities:				
Portion due within one year:				
Notes Payable	-	-	-	-
Obligations under Capital Leases	-	-	355,499	-
Portion due after one year:				
Notes Payable	-	-	-	-
Obligations under Capital Leases	-	-	18,950,825	-
Total Liabilities	25,630	735,547	19,597,915	398,746
NET ASSETS				
Invested in Capital Assets, net of related debt	-	121,984	(1,060,194)	132,147
Restricted for:				
Other Purposes	-	-	-	-
Unrestricted	-	738,174	(1,818,765)	1,257
Total net assets- Component Units	\$ -	\$ 860,158	\$ (2,878,959)	\$ 133,404

Ft. Myers Preparatory & Fitness Academy		Gateway Elementary	Gateway Intermediate	Gateway High	Goodwill Academies of Southwest Florida	The Island School
\$	26,722	\$ 1,905,099	\$ 1,569,612	\$ 241,539	\$ 26,958	\$ 228,477
	-	743,012	276,067	241,137	-	-
	-	22,144	-	48,448	-	-
	-	16,286	-	3,261	-	-
	-	-	-	-	-	-
	-	109,409	106,339	23,919	2,462	526
	-	97,468	-	206,737	1,200	-
	-	(44,029)	-	(100,869)	(370)	-
	-	21,495,982	-	13,338,119	-	2,936,504
	-	(1,746,550)	-	(1,083,722)	-	(152,942)
	-	895,510	275,060	1,046,194	3,339	139,898
	-	(795,438)	(118,397)	(963,802)	(3,339)	(75,329)
	-	-	-	-	-	-
	-	-	-	-	-	-
	<u>26,722</u>	<u>22,698,893</u>	<u>2,108,681</u>	<u>13,000,961</u>	<u>30,250</u>	<u>3,077,134</u>
	-	530,043	-	315,656	19,434	3,261
	-	203,980	602,236	115,090	27,900	2,108
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	424,477	-	265,299	-	-
	-	-	-	-	-	-
	-	<u>22,627,850</u>	<u>-</u>	<u>14,142,402</u>	<u>-</u>	<u>-</u>
	-	<u>23,786,350</u>	<u>602,236</u>	<u>14,838,447</u>	<u>47,334</u>	<u>5,369</u>
	-	(1,242,047)	156,663	(677,673)	830	2,848,131
	-	-	-	-	-	51,670
	<u>26,722</u>	<u>154,590</u>	<u>1,349,782</u>	<u>(1,159,813)</u>	<u>(17,914)</u>	<u>171,964</u>
\$	<u>26,722</u>	\$ <u>(1,087,457)</u>	\$ <u>1,506,445</u>	\$ <u>(1,837,486)</u>	\$ <u>(17,084)</u>	\$ <u>3,071,765</u>

(Continue)

**THE SCHOOL DISTRICT OF LEE COUNTY
COMBINING SCHEDULE OF NET ASSETS
COMPONENT UNITS
June 30, 2010**

Charter Schools			
	Lee Academies, Inc.	Lee Alternative High School	LIFE Skills Center Lee County, Inc.
ASSETS			
Cash	\$ 241,509	\$ 121,632	\$ 169,151
Accounts receivable, net	-	47,724	-
Deposits Receivable	-	-	-
Due from other Agencies	42,740	-	-
Due from Fiduciary Funds	-	-	-
Prepaid Expenses	10,300	10,747	-
Capital assets:			
Improvements other than Buildings	-	-	-
Less Accumulated Depreciation	-	-	-
Buildings and Fixed Equipment	-	-	-
Less Accumulated Depreciation	-	-	-
Furniture, Fixtures and Equipment	68,167	17,982	7,230
Less Accumulated Depreciation	(44,908)	(10,426)	(3,816)
Computer Software	-	-	72,638
Less Accumulated Amortization	-	-	(40,474)
Total Assets	317,808	187,659	204,729
LIABILITIES			
Salaries and Wages Payable	92,208	-	-
Accounts Payable	68,595	275,700	64,220
Unearned Revenue	-	-	-
Noncurrent liabilities:			
Portion due within one year:			
Notes Payable	110,826	-	-
Obligations under Capital Leases	-	-	-
Portion due after one year:			
Notes Payable	-	-	-
Obligations under Capital Leases	-	-	-
Total Liabilities	271,629	275,700	64,220
NET ASSETS			
Invested in Capital Assets, net of related debt	23,259	7,556	35,578
Restricted for:			
Other Purposes	-	-	-
Unrestricted	22,920	(95,597)	104,931
Total net assets- Component Units	\$ 46,179	\$ (88,041)	\$ 140,509

North Nicholas High School	Richard Milburn Academy of Florida, Inc.	Six Mile	Total Charter Schools	Foundation for Lee County Public Schools	Total Component Units
\$ 287,231	\$ 371,174	\$ 908,263	\$ 7,653,603	\$ 644,708	\$ 8,298,311
4,931	63,116	343,497	2,008,118	385,649	2,393,767
-	-	62,485	295,707	-	295,707
-	-	31,134	133,576	-	133,576
-	-	-	-	-	-
-	121,064	138,282	721,520	5,000	726,520
-	-	13,417	453,414	-	453,414
-	-	(1,932)	(222,959)	-	(222,959)
-	738,089	17,929,083	74,159,520	-	74,159,520
-	(365,264)	(1,456,740)	(6,245,111)	-	(6,245,111)
140,958	160,656	989,330	5,903,425	71,114	5,974,539
(8,810)	(141,663)	(889,400)	(4,928,798)	(24,168)	(4,952,866)
-	-	-	72,638	-	72,638
-	-	-	(40,474)	-	(40,474)
424,310	947,172	18,067,419	79,964,179	1,082,303	81,046,482
-	-	285,052	1,875,192	-	1,875,192
264,252	127,503	170,043	2,717,191	-	2,717,191
-	-	-	26,412	-	26,412
-	116,800	-	227,626	-	227,626
-	-	355,500	1,400,775	-	1,400,775
-	200,863	-	200,863	-	200,863
-	-	18,950,823	74,671,900	-	74,671,900
264,252	445,166	19,761,418	81,119,959	-	81,119,959
132,148	74,155	(1,052,573)	(500,036)	46,946	(453,090)
-	-	-	51,670	1,156,337	1,208,007
27,910	427,851	(641,428)	(707,414)	(120,980)	(828,394)
\$ 160,058	\$ 502,006	\$ (1,693,999)	\$ (1,155,780)	\$ 1,082,303	\$ (73,477)

(Concluded)

**THE SCHOOL DISTRICT OF LEE COUNTY
COMBINING SCHEDULE OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2010**

	Bonita Preparatory & Fitness Academy	Bonita Springs	Cape Coral
Governmental activities			
Expenses			
Instruction	\$ 245,760	\$ 3,638,379	\$ 1,803,983
Pupil Personnel Services	-	138,422	75,983
Instructional Media Services	-	2,050	-
Instruction and Curriculum Development Services	-	22,048	15,304
Instructional Staff Training Services	-	-	-
Instruction Related Technology	-	-	-
Board	-	22,733	19,825
General Administration	44,606	616,934	399,914
School Administration	35,506	-	-
Facilities Services	-	-	-
Fiscal Services	443	1,398,736	5,247
Food Services	29,317	399,538	186,021
Central Services	-	8,993	3,670
Pupil Transportation Services	48,587	804,221	322,319
Operation of Plant	166,932	2,299,946	1,025,027
Maintenance of Plant	15,560	-	-
Community Services	35,400	32,391	42,999
Interest and Fiscal Charges on Long-term Debt	-	-	1,032,883
Unallocated Depreciation Expense *	-	-	-
Total Expenses	\$ 622,111	\$ 9,382,391	\$ 4,933,175
Program Revenues			
Charges for Services			
Instruction	\$ -	\$ -	\$ 28,498
Food Services	-	146,926	40,644
Community Services	-	132,180	70,273
Total Charges for Services	-	279,106	139,415
Operating Grants and Contributions			
Instruction	-	-	-
Pupil Personnel Services	-	-	-
Instruction and Curriculum Development Services	-	-	-
Instruction Related Technology	-	-	-
General Administration	-	-	-
School Administration	-	-	-
Food Services	-	253,241	139,239
Pupil Transportation Services	-	-	-
Operation of Plant	-	-	-
Community Services	-	-	-
Total Operating Grants and Contributions	-	253,241	139,239
Capital Grants and Contributions			
Facilities Services	-	-	-
Operation of Plant	-	645,084	262,618
Total Capital Grants and Contributions	-	645,084	262,618
Total Program Revenues	-	1,177,431	541,272
Net Program Revenues	(622,111)	(8,204,960)	(4,391,903)
General Revenues			
Other Federal Sources not restricted to specific programs	67,500	-	-
Other State Sources not restricted to specific programs	544,255	8,433,766	3,357,656
Other Local Sources not restricted to specific programs	10,356	23,321	788,255
Unrestricted Investment Earnings	-	-	-
Total General Revenues, Special Items, and Transfers	622,111	8,457,087	4,145,911
Changes in Net Assets	-	252,127	(245,992)
Net Assets - July 1, 2009	-	608,031	(2,632,967)
Net Assets-June 30, 2010	\$ -	\$ 860,158	\$ (2,878,959)

Charter Schools						
Coronado High School	Ft. Myers Preparatory Fitness Academy	Gateway Elementary	Gateway Intermediate	Gateway High	Goodwill Academies of Southwest Florida	The Island School
\$ 551,213	\$ 207,756	\$ 2,751,968	\$ 2,522,049	\$ 2,428,376	\$ 203,537	\$ 290,912
206,786	-	179,930	105,485	195,129	-	-
-	-	9,335	22	-	-	-
-	-	11,356	10,153	5,160	-	2,414
-	-	-	-	8,461	-	-
54,083	1,908	26,678	21,403	30,075	64,471	-
756,401	66,576	718,207	397,808	674,606	-	182,688
-	-	-	-	-	131,435	-
1,220	-	-	-	-	56,500	-
150,074	4,654	701,684	668,087	560,572	-	16,696
782	45,238	422,812	-	303,534	6,881	-
-	-	2,979	3,262	4,326	-	-
-	32,450	433,427	433,427	743,018	109,217	-
310,589	92,469	1,575,372	993,565	1,002,179	21,072	111,604
-	16,175	-	-	-	-	-
-	38,634	101,034	-	-	-	-
-	-	1,242,269	-	444,665	-	-
-	-	-	-	-	788	-
<u>\$ 2,031,148</u>	<u>\$ 505,860</u>	<u>\$ 8,177,051</u>	<u>\$ 5,155,271</u>	<u>\$ 6,400,101</u>	<u>\$ 593,901</u>	<u>\$ 604,314</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	158,704	-	89,085	1,937	-
-	-	196,130	-	-	-	-
-	-	354,834	-	89,085	1,937	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
225,000	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	301,283	-	193,845	-	-
-	-	-	-	-	14,261	-
-	-	-	-	-	-	-
225,000	-	301,283	-	193,845	14,261	-
-	-	-	-	-	28,732	-
-	-	494,031	535,018	662,783	-	-
-	-	494,031	535,018	662,783	28,732	-
225,000	-	1,150,148	535,018	945,713	44,930	-
<u>(1,806,148)</u>	<u>(505,860)</u>	<u>(7,026,903)</u>	<u>(4,620,253)</u>	<u>(5,454,388)</u>	<u>(548,971)</u>	<u>(604,314)</u>
-	-	-	-	-	-	-
1,939,486	517,735	6,732,016	6,036,040	5,557,709	477,440	394,384
-	7,349	504,170	(1,170,775)	(88,332)	51,752	148,603
-	-	-	-	-	-	3,611
1,939,486	525,084	7,236,186	4,865,265	5,469,377	529,192	546,598
133,338	19,224	209,283	245,012	14,989	(19,779)	(57,716)
66	7,498	(1,296,740)	1,261,433	(1,852,475)	2,695	3,129,481
<u>\$ 133,404</u>	<u>\$ 26,722</u>	<u>\$ (1,087,457)</u>	<u>\$ 1,506,445</u>	<u>\$ (1,837,486)</u>	<u>\$ (17,084)</u>	<u>\$ 3,071,765</u>

(Continue)

**THE SCHOOL DISTRICT OF LEE COUNTY
COMBINING SCHEDULE OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2010**

	Charter Schools			
	Lee	Lee Alternative	LIFE Skills Center	North Nicholas
	Academies, Inc.	High School	Lee County, Inc.	High School
Governmental activities				
Expenses				
Instruction	\$ 825,065	\$ 583,553	\$ 548,001	\$ 641,732
Pupil Personnel Services	-	39,278	112,326	176,042
Instructional Media Services	-	905	-	-
Instruction and Curriculum Development Services	1,482	5,247	-	-
Instructional Staff Training Services	-	-	6,511	-
Instruction Related Technology	-	-	93,787	-
Board	170,698	17,453	26,351	76,591
General Administration	-	121,533	100,176	721,720
School Administration	181,639	176,872	263,081	-
Facilities Services	187,312	150,803	250,672	1,714
Fiscal Services	57,041	194,176	-	395,763
Food Services	189,889	43,364	-	1,414
Central Services	-	1,384	-	-
Pupil Transportation Services	59,159	4,000	18,996	-
Operation of Plant	164,758	124,963	75,501	494,352
Maintenance of Plant	11,038	700	23,294	-
Community Services	23,664	-	-	-
Interest and Fiscal Charges on Long-term Debt	3,533	-	-	-
Unallocated Depreciation Expense *	10,403	-	-	-
Total Expenses	\$ 1,885,661	\$ 1,464,231	\$ 1,518,696	\$ 2,509,328
Program Revenues				
Charges for Services				
Instruction	\$ -	\$ -	\$ -	\$ -
Food Services	1,575	-	-	-
Community Services	-	-	-	-
Total Charges for Services	1,575	-	-	-
Operating Grants and Contributions				
Instruction	121,912	134,140	-	-
Pupil Personnel Services	-	39,068	-	-
Instruction and Curriculum Development Services	-	-	-	-
Instruction Related Technology	-	-	6,442	-
General Administration	-	-	-	-
School Administration	-	6,949	-	-
Food Services	143,156	-	-	-
Pupil Transportation Services	21,293	-	-	-
Operation of Plant	-	-	-	225,000
Community Services	-	-	-	-
Total Operating Grants and Contributions	286,361	180,157	6,442	225,000
Capital Grants and Contributions				
Facilities Services	115,779	-	-	-
Operation of Plant	-	-	-	-
Total Capital Grants and Contributions	115,779	-	-	-
	403,715	180,157	6,442	225,000
Net Program Revenues	(1,481,946)	(1,284,074)	(1,512,254)	(2,284,328)
General Revenues				
Other Federal Sources not restricted to specific programs	-	-	69,651	-
Other State Sources not restricted to specific programs	1,496,009	1,155,189	1,422,478	2,408,528
Other Local Sources not restricted to specific programs	60,884	51,968	-	-
Unrestricted Investment Earnings	-	-	-	-
	1,556,893	1,207,157	1,492,129	2,408,528
Changes in Net Assets	74,947	(76,917)	(20,125)	124,200
Net Assets - July 1, 2008	(28,768)	(11,124)	160,634	35,858
Net Assets-Ending	\$ 46,179	\$ (88,041)	\$ 140,509	\$ 160,058

Richard Milburn Academy of Florida, Inc.	Six Mile	Total Charter Schools	Foundation for Lee County Public Schools	Total Component Units
\$ 801,354	\$ 3,068,673	\$ 21,110,311	\$ -	\$ 21,110,311
91,523	25,764	1,346,678	-	1,346,678
-	4,590	16,902	-	16,902
9,261	17,475	99,880	-	99,880
-	-	14,972	-	14,972
-	-	93,787	-	93,787
17,720	19,844	569,833	-	569,833
206,220	772,360	5,779,749	-	5,779,749
266,291	-	1,054,824	-	1,054,824
371,665	-	1,019,886	-	1,019,886
339,503	682,124	5,172,800	-	5,172,800
64,435	265,913	1,959,138	-	1,959,138
27,833	2,776	55,223	-	55,223
18,981	557,264	3,585,066	-	3,585,066
170,558	1,189,814	9,818,701	-	9,818,701
4,633	-	71,400	-	71,400
-	41,759	315,881	1,741,018	2,056,899
35,385	1,039,807	3,798,542	-	3,798,542
-	-	11,191	-	11,191
<u>\$ 2,425,382</u>	<u>\$ 7,688,163</u>	<u>\$ 55,894,764</u>	<u>\$ 1,741,018</u>	<u>\$ 57,635,782</u>
\$ -	\$ -	\$ 28,498	\$ -	\$ 28,498
-	88,910	527,781	-	527,781
-	120,234	518,817	-	518,817
-	209,144	1,075,096	-	1,075,096
-	-	256,052	-	256,052
25,403	-	64,471	-	64,471
4,215	-	4,215	-	4,215
-	-	6,442	-	6,442
-	-	225,000	-	225,000
88,362	-	95,311	-	95,311
-	192,126	1,222,890	-	1,222,890
-	-	35,554	-	35,554
-	-	225,000	-	225,000
-	-	-	1,840,562	1,840,562
117,980	192,126	2,134,935	1,840,562	3,975,497
-	-	144,511	-	144,511
-	509,304	3,108,838	-	3,108,838
-	509,304	3,253,349	-	3,253,349
117,980	910,574	6,463,380	1,840,562	8,303,942
<u>(2,307,382)</u>	<u>(6,775,589)</u>	<u>(49,431,384)</u>	<u>99,544</u>	<u>(49,331,840)</u>
-	-	137,151	-	137,151
2,216,248	6,692,435	49,381,374	-	49,381,374
64,368	349,577	801,496	-	801,496
-	-	3,611	1,283	4,894
2,280,616	7,042,012	50,323,632	1,283	50,324,915
(26,766)	266,423	692,248	100,827	993,075
528,772	(1,960,422)	(2,048,028)	981,476	(1,066,552)
<u>\$ 502,006</u>	<u>\$ (1,693,999)</u>	<u>\$ (1,155,780)</u>	<u>\$ 1,082,303</u>	<u>\$ (73,477)</u>

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STATISTICAL SECTION

This part of the School District of Lee County, Florida's comprehensive annual financial report presents detail information as a context for understanding what the information in the financial statements, notes disclosures and required supplementary information says about the School District's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the District's most significant local revenues sources, the property tax.

Debt Capacity

The schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

Operating Information

These schedules contain service data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

Table 1

THE SCHOOL DISTRICT OF LEE COUNTY
 NET ASSETS BY COMPONENT
 LAST 9 FISCAL YEARS ¹
 (accrual basis of accounting)
 (UNAUDITED)

	Fiscal Year Ended								
	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010
Primary Government:									
Invested in capital assets, net of related debt	\$ 341,261,912	\$ 352,866,238	\$ 388,555,256	\$ 477,062,455	\$ 571,920,963	\$ 647,961,848	\$ 802,535,660	\$ 889,659,611	\$ 903,539,567
Restricted	87,813,257	115,472,928	193,208,469	179,684,870	205,860,866	354,926,564	357,035,293	325,524,131	278,364,305
Unrestricted	9,867,717	38,853,442	18,169,930	29,609,049	51,326,732	75,891,940	77,204,138	34,495,460	60,263,047
Total Primary Government net assets	\$ 438,942,886	\$ 507,192,608	\$ 599,933,657	\$ 686,356,374	\$ 829,108,561	\$ 1,078,770,352	\$ 1,236,775,091	\$ 1,249,679,202	\$ 1,242,166,919

Source: District Records

¹ 2002 was the first year of reporting government-wide net assets (GASB 34).

Table 2

THE SCHOOL DISTRICT OF LEE COUNTY
CHANGES IN NET ASSETS
LAST 9 FISCAL YEARS ¹
(accrual basis of accounting)
(UNAUDITED)

	Fiscal Year Ended								
	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010
Expenses									
Primary Government Activities									
Instruction	\$ 210,040,397	\$ 226,738,587	\$ 266,239,881	\$ 293,672,876	\$ 325,920,739	\$ 381,883,870	\$ 415,766,890	\$ 425,450,532	\$ 417,050,879
Pupil Personnel Services	20,045,383	21,568,348	22,129,888	22,894,724	23,553,147	25,863,197	28,665,777	27,907,162	26,709,653
Instructional Media Services	5,491,322	6,176,917	6,767,882	7,421,619	6,455,204	6,872,270	7,306,522	6,438,815	4,827,097
Instruction and Curriculum Development Services	10,306,142	9,966,224	12,269,981	15,097,751	15,188,450	18,749,889	16,110,826	15,031,956	13,444,588
Instructional Staff Training Services	5,415,075	5,534,462	5,800,435	6,864,314	8,732,316	7,597,640	11,670,616	9,933,041	11,214,029
Instruction Related Technology	-	-	-	-	3,583,376	3,913,016	4,451,217	4,679,712	4,619,692
Board	543,763	606,939	632,911	684,010	757,351	865,352	939,760	902,082	790,180
General Administration	4,168,876	4,448,714	3,785,102	4,471,999	4,183,236	4,547,581	4,725,583	3,916,822	4,216,080
School Administration	24,210,897	26,139,601	29,142,148	32,829,271	34,964,147	39,619,562	42,946,103	43,889,820	41,351,915
Facilities Services	13,214,295	10,011,091	22,396,538	38,276,578	41,874,153	75,106,103	77,705,092	81,289,058	106,859,204
Fiscal Services	2,510,598	2,593,152	2,605,593	2,913,495	3,239,333	3,924,042	3,771,067	3,803,339	3,741,286
Food Services	18,350,487	19,249,936	22,683,843	25,328,599	27,827,908	30,743,683	30,718,899	28,478,537	27,578,058
Central Services	7,956,305	8,841,650	10,692,352	11,591,711	7,520,547	8,069,623	10,199,141	8,371,211	9,077,171
Pupil Transportation Services	24,711,073	27,633,293	32,593,062	36,570,000	42,699,046	45,328,068	51,400,897	47,032,022	48,101,766
Operation of Plant	35,401,421	37,803,943	44,306,848	51,282,690	51,608,094	66,065,161	69,654,630	66,649,955	64,865,149
Maintenance of Plant	6,195,172	6,701,801	12,027,363	16,953,377	15,421,087	15,329,782	16,736,525	15,777,636	15,418,759
Administrative Technology Services	-	-	-	-	3,548,397	3,747,997	4,067,658	4,768,118	4,751,386
Community Services	1,063,825	2,753,450	3,134,117	5,859,463	7,175,904	7,603,877	7,120,486	5,939,533	4,249,023
Interest and Fiscal Charges on Long-term Debt	10,532,371	13,190,268	18,085,761	22,821,849	24,545,582	27,053,512	26,334,501	25,284,293	23,191,205
Unallocated Depreciation Expense	12,759,496	14,695,517	13,787,635	12,582,801	13,915,710	79,880	-	-	-
Total Primary Government Expenses	\$ 412,916,898	\$ 444,653,893	\$ 529,081,118	\$ 608,087,127	\$ 682,699,727	\$ 772,963,885	\$ 830,490,990	\$ 825,525,544	\$ 830,057,332
Program Revenues									
Primary Government Activities									
Charges for Services									
Student Fees	\$ 5,249,903	\$ 6,047,657	\$ 6,631,546	\$ 6,957,739	\$ 8,317,797	\$ 8,876,779	\$ 9,086,860	\$ 7,905,165	\$ 7,419,332
Food Service	7,907,995	8,328,468	9,017,952	9,315,873	10,501,769	11,304,422	10,998,127	8,786,416	7,439,254
Bus Trips	604,024	563,124	647,348	703,561	677,493	689,674	568,513	452,847	511,233
Operating Grants & Contributions	24,481,582	25,791,652	28,828,740	32,254,708	32,261,688	36,121,186	39,718,603	40,955,538	24,381,950
Capital Grants & Contributions	17,689,364	10,141,868	29,941,462	11,796,757	15,324,949	96,832,779	68,398,496	18,544,595	7,283,648
Total Primary Government Program Revenues	\$ 55,932,868	\$ 50,872,789	\$ 75,067,048	\$ 61,028,638	\$ 67,083,696	\$ 153,824,840	\$ 126,770,599	\$ 76,644,561	\$ 47,035,417
Net (Expense)/Revenue									
Total Primary Government Net Expense	\$ (356,984,030)	\$ (393,781,104)	\$ (454,014,070)	\$ (547,068,489)	\$ (595,616,031)	\$ (619,139,045)	\$ (703,720,391)	\$ (748,880,983)	\$ (783,021,915)
General Revenues and Other Changes in Net Assets									
Primary Government Activities									
Property Taxes:									
Levied for General Purposes	\$ 208,203,525	\$ 234,154,931	\$ 265,874,766	\$ 295,318,760	\$ 364,324,060	\$ 435,984,501	\$ 467,802,060	\$ 436,127,971	\$ 395,734,805
Levied for Capital Projects	62,029,755	91,453,063	83,531,037	96,817,831	123,590,249	172,756,021	185,018,539	149,125,429	99,477,337
Florida Education Finance Program	107,205,139	101,338,505	107,362,302	65,473,086	38,161,114	31,362,109	16,024,448	17,817,292	55,848,837
Other Federal Sources	32,573,804	35,030,449	40,964,018	46,403,656	51,226,095	51,243,486	49,627,333	50,670,296	92,253,295
Other State Sources	2,468,045	2,541,454	2,783,500	58,687,273	76,511,242	100,540,492	118,906,905	118,863,779	110,824,472
Other Miscellaneous Sources	6,824,411	10,983,647	41,756,258	60,162,359	65,140,507	49,112,891	7,751,265	9,386,766	15,859,537
Unrestricted Investment Earnings	4,297,425	4,232,437	4,683,237	10,628,240	20,213,157	27,801,337	16,594,580	(1,329,696)	5,512,349
Special Item:	-	-	-	-	-	-	-	-	-
Loss on the write-off of Capital Assets	(499,629)	(18,111,810)	-	-	-	-	-	-	-
Total Primary Government	\$ 423,100,475	\$ 461,622,676	\$ 546,755,118	\$ 633,491,205	\$ 739,168,424	\$ 868,800,837	\$ 861,726,130	\$ 780,661,837	\$ 775,510,632
Changes in Net Assets									
Total Primary Government	\$ 66,116,445	\$ 67,841,572	\$ 92,741,048	\$ 86,422,716	\$ 143,550,393	\$ 249,661,792	\$ 158,004,739	\$ 31,780,854	\$ (7,511,283)

Source: District Records

¹ 2002 was the first year of reporting government-wide changes in net assets (GASB 34).

THE SCHOOL DISTRICT OF LEE COUNTY
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST 10 FISCAL YEARS
(modified accrual basis of accounting)
(UNAUDITED)

	<u>June 30, 2001</u>	<u>June 30, 2002</u>	<u>June 30, 2003</u>	<u>June 30, 2004</u>	<u>June 30, 2005</u>	<u>June 30, 2006</u>	<u>June 30, 2007</u>	<u>June 30, 2008</u>	<u>June 30, 2009</u>	<u>June 30, 2010</u>
General Fund										
Reserved	\$ 13,674,767	\$ 16,599,364	\$ 22,962,529	\$ 17,014,624	\$ 20,724,388	\$ 18,740,247	\$ 21,222,681	\$ 31,899,552	\$ 20,908,431	\$ 20,137,618
Unreserved	<u>29,407,098</u>	<u>37,058,947</u>	<u>42,959,625</u>	<u>46,830,122</u>	<u>51,650,203</u>	<u>76,247,129</u>	<u>94,778,869</u>	<u>90,266,253</u>	<u>89,167,603</u>	<u>113,934,986</u>
Total General Fund	<u>\$ 43,081,865</u>	<u>\$ 53,658,311</u>	<u>\$ 65,922,154</u>	<u>\$ 63,844,746</u>	<u>\$ 72,374,591</u>	<u>\$ 94,987,376</u>	<u>\$ 116,001,550</u>	<u>\$ 122,165,805</u>	<u>\$ 110,076,034</u>	<u>\$ 134,072,604</u>
All Other Governmental Funds										
Reserved	\$ 17,611,053	\$ 18,093,750	\$ 40,323,918	\$ 148,835,949	\$ 96,531,606	\$ 161,847,818	\$ 85,490,784	\$ 54,516,378	\$ 46,280,105	\$ 11,456,547
Unreserved, reported in:										
Special Revenue Funds	9,401,620	10,930,674	12,211,798	12,291,691	5,878,751	3,583,549	2,296,648	3,144,941	5,385,865	10,427,742
Capital Projects Funds	<u>44,288,727</u>	<u>48,925,778</u>	<u>113,600,418</u>	<u>201,863,761</u>	<u>223,163,264</u>	<u>185,290,413</u>	<u>249,575,746</u>	<u>284,647,817</u>	<u>262,856,930</u>	<u>247,955,414</u>
Total All Other Governmental Funds	<u>\$ 71,301,400</u>	<u>\$ 77,950,202</u>	<u>\$ 166,136,134</u>	<u>\$ 382,991,401</u>	<u>\$ 325,573,621</u>	<u>\$ 350,721,780</u>	<u>\$ 337,363,178</u>	<u>\$ 342,309,136</u>	<u>\$ 314,522,900</u>	<u>\$ 269,839,703</u>

Source: District Records

Table 4

THE SCHOOL DISTRICT OF LEE COUNTY
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS,
LAST 10 FISCAL YEARS
 (modified accrual basis of accounting)
 (UNAUDITED)

	June 30, 2001	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010
Federal Direct Sources:										
Reserve Officers Training Corps (ROTC)	\$ 322,983	\$ 413,470	\$ 453,683	\$ 562,904	\$ 574,126	\$ 668,825	\$ 844,945	\$ 776,072	\$ 912,913	\$ 979,958
Impact Aid	-	-	-	-	12,109	70,334	11,298	9,444	4,925	2,355
Miscellaneous Federal Direct	7,931,432	8,538,743	8,091,670	5,867,285	7,022,559	6,889,249	5,826,108	6,886,362	6,910,777	8,974,884
Total Federal Direct	8,254,415	8,952,213	8,545,333	6,420,189	7,608,794	7,428,408	6,682,351	7,671,878	7,828,615	9,957,197
Federal Through State Sources:										
Medicaid	-	-	-	-	-	1,052,361	1,725,959	1,099,769	1,313,278	2,420,605
Food Service	9,948,729	10,967,886	11,967,673	13,294,837	14,773,056	14,170,041	16,371,623	18,854,635	20,430,332	23,858,206
Other Federal Through State Grants	19,046,315	23,621,581	26,485,116	34,543,829	38,747,148	42,745,326	42,835,175	40,855,686	41,528,403	79,887,323
Total Federal Through State Sources	28,995,044	34,589,477	38,452,789	47,838,666	53,520,204	57,967,728	60,932,757	60,810,090	63,272,013	106,166,134
State Sources:										
Florida Education Finance Program (FEFP)	102,207,241	86,110,268	83,760,772	80,086,014	76,199,675	49,123,084	42,769,721	16,024,448	17,817,291	65,517,716
Workforce Development Program	-	-	-	-	-	-	-	11,122,931	10,531,771	-
Categorical Education Programs	26,139,548	28,678,516	26,413,770	39,564,189	56,354,762	75,703,562	100,898,152	119,464,388	36,533,686	5,911,240
Discretionary Lottery Funds	4,513,961	5,522,592	4,575,587	3,202,236	3,908,953	3,646,788	3,173,946	3,910,457	1,984,085	227,084
CO & DS Distributed to Districts	286,327	359,821	444,785	497,874	563,131	749,074	873,572	936,036	929,162	916,066
Interest on Undistributed CO & DS	51,946	56,255	49,916	26,546	36,273	41,026	79,789	77,087	32,368	35,937
CO & DS withheld for SBE/COBI Bonds	2,114,695	2,126,267	2,174,485	2,281,631	2,392,947	2,396,075	2,342,805	2,348,095	2,323,540	2,336,563
State License Tax	983,802	546,138	524,442	517,672	527,359	533,549	504,472	497,288	491,382	496,031
Food Services	375,667	400,181	405,075	403,476	411,087	436,038	432,956	447,046	478,169	511,914
SBE/COBI Bond Interest	23,613	11,917	4,871	4,794	5,258	19,590	17,735	20,385	678	1,333
Racing Commission Funds	223,250	223,250	223,250	223,250	223,250	223,250	223,250	223,250	223,250	223,250
Public Education Capital Outlay	8,815,221	12,417,801	7,487,831	6,573,305	4,691,102	8,010,480	19,614,456	21,475,040	8,973,242	1,088,067
School Infrastructure Thrift (SIT) Program	-	2,717,303	-	-	-	-	-	-	-	-
Class Size Reduction Program	-	-	-	20,557,312	3,876,785	3,885,454	73,681,172	35,776,033	85,279,249	88,741,650
Charter School Capital Outlay	-	101,520	256,188	888,420	1,227,211	1,290,088	2,974,782	3,351,654	4,732,956	4,891,005
State Grants and Other State Sources	2,927,172	1,703,937	1,544,854	794,448	656,397	2,030,694	898,136	977,110	854,470	888,583
Total State Sources	148,662,443	140,975,764	127,845,826	155,621,167	151,074,190	148,088,952	248,484,944	216,651,248	171,185,319	171,786,439
Taxes and Miscellaneous Sources:										
Ad Valorem Taxes	237,784,947	262,837,944	305,263,586	348,045,986	390,394,480	486,575,782	606,161,475	644,663,900	585,253,400	495,212,142
Rent	319,500	254,899	238,580	326,688	650,417	391,540	387,553	448,144	507,120	719,824
Child Care and Adult Course Fees	4,714,095	5,249,903	6,047,657	6,631,546	6,957,739	8,317,797	8,876,778	9,086,860	7,905,165	7,419,332
Food Service Sales	7,858,847	7,907,995	8,328,468	9,017,952	9,315,873	10,501,769	11,304,422	10,998,127	8,786,415	7,439,254
Interest Income	8,659,891	4,025,231	3,922,443	4,538,463	10,254,368	19,265,614	26,907,288	15,129,178	(1,829,571)	5,417,498
Gifts, Grants and Bequests	193,861	290,586	225,494	150,237	102,356	185,326	393,628	467,990	456,611	1,481,048
Impact Fees	-	-	-	52,475,050	37,996,060	56,667,317	33,188,509	5,542,570	2,565,553	4,682,432
Local Grants and Other Local Sources	5,823,095	6,637,537	5,750,963	12,368,102	10,834,658	6,863,748	5,761,414	8,221,766	7,664,193	13,044,107
Total Taxes and Miscellaneous Sources	265,354,236	287,204,095	329,777,191	433,554,004	486,505,949	588,588,893	692,961,065	694,658,625	611,308,886	535,415,637
Total Revenues	451,268,138	471,721,549	504,621,139	643,434,026	678,709,137	802,073,981	1,009,061,117	979,691,741	853,594,833	823,325,407

Expenditures										
Instruction	198,057,812	206,946,349	223,570,921	258,251,182	289,282,020	322,291,632	381,370,770	409,764,188	417,894,474	414,895,169
Pupil Personnel Services	19,207,542	20,295,003	21,907,973	22,151,298	22,730,938	23,479,190	26,156,154	28,287,538	27,370,767	26,407,874
Instructional Media Services	6,126,240	5,499,894	6,262,138	6,714,465	7,409,275	6,375,896	6,935,178	7,230,806	6,279,903	6,684,420
Instruction & Curriculum Development Services	10,556,180	104,894,645	10,220,915	11,938,103	14,737,899	15,017,594	18,574,977	16,291,484	14,716,327	13,218,730
Instructional Staff Training Services	4,095,825	5,544,858	5,574,828	5,400,028	6,347,554	8,552,490	7,351,042	11,389,286	9,722,620	11,235,522
Instruction Related Technology	-	-	-	-	-	3,565,431	3,895,081	4,333,682	4,557,907	4,547,890
Board	536,421	541,053	593,974	658,242	680,046	736,654	888,663	945,379	879,726	781,919
General Administration	4,316,136	4,364,117	4,267,474	4,052,416	4,548,490	4,094,353	4,525,851	4,702,627	4,009,500	4,233,091
School Administration	22,945,219	24,325,222	26,789,790	29,087,597	32,558,185	34,910,408	39,277,753	42,485,096	43,017,294	41,321,862
Facilities Services	874,871	1,327,477	1,690,428	6,010,634	27,784,748	1,787,259	5,717,109	4,813,860	7,853,475	8,817,426
Fiscal Services	2,470,178	2,520,968	2,613,653	2,613,105	2,869,438	3,176,344	3,881,913	3,804,122	3,695,355	3,776,784
Food Service	16,348,938	17,967,418	19,067,899	22,174,637	24,620,487	27,036,052	30,150,633	29,819,922	27,258,408	26,979,027
Central Services	8,820,049	8,301,224	8,957,438	10,435,422	11,407,026	7,319,497	7,794,367	8,615,915	8,077,238	8,978,113
Pupil Transportation Services	22,080,888	22,586,401	25,873,452	30,790,446	34,963,032	41,099,415	44,478,650	49,678,515	45,234,651	44,890,196
Operation of Plant	38,019,908	36,561,638	35,846,516	44,082,968	52,132,987	47,669,147	65,724,126	68,526,588	65,270,390	64,305,699
Maintenance of Plant	5,998,848	6,282,466	6,714,959	11,288,313	16,582,061	15,301,821	15,084,733	16,288,982	15,104,396	15,192,197
Administrative Technology Services	-	-	-	-	-	3,469,726	3,717,669	3,899,495	4,476,119	4,623,126
Community Services	1,330,958	1,063,825	2,753,450	3,109,178	5,826,939	7,130,498	7,535,488	7,048,162	5,875,016	4,188,572
Capital Outlay										
Facilities Acquisition & Construction	38,356,886	46,599,378	50,027,780	151,981,091	223,642,359	220,832,552	277,280,326	195,721,540	133,685,326	87,643,545
Other Capital Outlay	4,698,144	4,838,676	5,910,388	6,473,016	6,692,519	7,184,287	5,188,432	5,195,361	4,125,633	3,302,752
Debt Service										
Principal	15,913,298	18,555,984	16,652,842	18,500,000	20,090,000	24,440,000	23,075,000	24,291,083	85,622,580	26,944,446
Interest and Fiscal Charges	10,686,956	10,571,263	13,249,864	18,146,605	23,009,991	24,867,240	27,248,784	28,310,451	25,501,216	23,406,338
Total Expenditures	431,641,095	549,587,881	488,548,482	663,860,746	827,916,094	850,337,486	1,005,852,699	969,442,082	960,028,321	844,372,698
Excess of Revenues										
Over (under) Expenditures	19,625,043	(77,866,312)	16,074,657	(20,426,720)	(149,206,957)	(48,263,505)	3,208,418	10,249,659	(106,433,488)	(21,047,291)
Other Financing Sources (Uses)										
Bonds Issued	-	555,221	19,910,000	1,390,000	1,805,000	-	-	-	-	-
Issuance of Refunding Bonds	-	-	-	22,660,000	-	14,360,000	-	-	-	1,285,000
Premium on Refunding Bonds	-	-	6,242	-	-	1,397,799	-	-	-	1,926,424
Premium on Sale of Bonds	-	-	-	-	2,290	-	-	-	-	-
Proceeds of Loans	15,309,212	-	-	-	-	-	3,451,257	-	6,306,547	-
Certificates of Participation Issued	-	-	84,000,000	207,385,000	107,995,000	94,790,000	-	21,215,000	60,000,000	26,950,000
Premium on Certificates of Participation	-	-	140,778	6,143,928	2,687,060	1,156,675	-	-	-	-
Loss Recoveries	-	-	-	-	7,259,762	621,753	895,542	351,198	250,934	330,128
Sale of Capital Assets	-	-	-	-	32,000	-	100,355	430,380	-	-
Transfer In	-	-	-	-	59,484,414	58,029,450	58,690,081	64,038,245	72,505,380	75,685,066
Discounts on Bonds	-	-	-	(1,916,062)	-	-	-	-	-	-
Discounts on Certificates of Participation	-	-	-	(68,287)	-	-	-	-	-	-
Payments to Refunded Bond Escrow Agent	-	-	(19,681,906)	(20,390,000)	-	(15,703,771)	-	(21,136,024)	-	(30,130,886)
Transfer Out	-	-	-	-	(58,945,507)	(58,029,450)	(58,690,081)	(64,038,245)	(72,505,380)	(75,685,066)
Total Other Financing Sources (Uses)	15,309,212	555,221	84,375,114	215,204,579	120,319,019	96,822,656	4,447,154	860,554	66,557,461	360,664
Net Change in Fund Balances	\$ 34,934,255	\$ (77,311,091)	\$ 100,449,771	\$ 194,777,859	\$ (28,887,938)	\$ 48,559,151	\$ 7,655,572	\$ 11,110,213	\$ (39,876,007)	\$ (20,686,627)
Debt Service as a percentage of noncapital expenditures	6.8%	5.7%	6.8%	7.1%	7.2%	7.6%	6.6%	6.3%	13.0%	6.2%
Source: District Records										

Table 5

**THE SCHOOL DISTRICT OF LEE COUNTY
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST 10 FISCAL YEARS
 (UNAUDITED)
 (amounts expressed in thousands)**

Fiscal Year	Real Property	Personal Property	Other¹	Less Tax Exempt Property	Net Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a percentage of Actual Value
2001	25,923,714	1,990,902	2,711	-	27,917,327	8.80	34,467,322	81.00%
2002	29,617,195	2,253,785	2,776	-	31,873,756	8.48	39,406,325	80.88%
2003	34,314,657	2,595,379	2,773	-	36,912,809	8.56	46,222,203	79.86%
2004	40,162,063	3,037,706	2,840	5,832	43,196,777	8.35	54,486,377	79.28%
2005	47,029,358	3,245,766	3,254	11,345	50,267,033	8.07	64,109,276	78.41%
2006	60,638,696	3,452,168	3,527	15,316	64,079,075	7.88	82,578,117	77.60%
2007	85,827,869	3,846,177	4,503	17,914	89,660,635	7.01	118,369,446	75.75%
2008	92,365,758	4,117,612	5,065	39,372	96,449,063	6.96	125,483,375	76.86%
2009	84,391,421	3,923,064	4,498	3,790,555	84,528,428	6.87	110,753,036	76.32%
2010	64,222,427	4,018,158	4,355	3,320,166	64,924,774	7.51	82,498,303	78.70%

Source: Lee County Tax Collector

Note: Assessed Values are net Taxable Values after deducting allowable statutory exemptions for Fiscal years 2001-2003.

¹ Railroad and telegraph companies

Table 6

**THE SCHOOL DISTRICT OF LEE COUNTY
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST 10 FISCAL YEARS
(UNAUDITED)
(PER \$ 1,000 Assessed Valuation)**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Lee County										
General Revenue	4.328	4.328	4.328	4.328	4.334	4.007	3.595	3.720	3.720	3.720
Capital Improvements	1.012	1.012	1.012	1.012	1.012	1.012	0.954	0.500	0.500	0.500
Total Lee County Millage	5.340	5.340	5.340	5.340	5.346	5.019	4.549	4.220	4.220	4.220
School District	8.798	8.478	8.563	8.346	8.065	7.882	7.012	6.960	6.868	7.508
Municipalities										
Cape Coral	6.779	6.518	6.375	6.105	5.760	5.391	4.941	4.833	4.833	7.970
Sanibel	2.057	1.990	2.219	2.116	2.790	2.802	2.898	2.578	2.611	2.615
Fort Myers	5.782	7.782	7.782	7.782	7.210	7.210	6.800	6.256	7.163	7.400
Fort Myers Beach	1.096	1.040	1.040	1.000	0.850	0.750	0.610	0.605	0.709	0.709
Bonita Springs	1.220	1.220	1.089	0.998	0.998	0.998	0.792	0.724	0.827	0.819
Total Municipalities Millage	16.934	18.550	18.505	18.000	17.609	17.150	16.042	14.996	16.143	19.513
Lee County Special Districts										
Lee County Hyacinth Control	0.036	0.036	0.033	0.030	0.030	0.030	0.022	0.021	0.021	0.028
Lee County Mosquito Control	0.360	0.360	0.329	0.298	0.272	0.225	0.170	0.164	0.164	0.213
South Fl. Water Management Dist.	0.697	0.697	0.697	0.697	0.697	0.697	0.697	0.624	0.624	0.624
West Coast Inland Waterway	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.039	0.039	0.039
MSTU (Unincorporated)	1.211	1.211	1.211	1.211	1.211	1.003	0.930	0.840	0.840	0.840
Lee County Library	0.963	0.963	0.963	0.963	0.947	1.077	1.300	1.241	1.179	1.258
Total Special Districts Millage	3.307	3.307	3.273	3.239	3.197	3.071	3.160	2.929	2.868	3.002
Other Special Districts ¹	.008-6.000	.051-6.000	.004-6.000	.044-6.000	.001-6.000	.001-6.000	.027-6.000	.025-3.000	.025-3.000	.015-3.500
Total Direct and Overlapping Rates²	34.379	35.675	35.681	34.926	34.216	33.122	30.763	29.105	30.098	34.243

¹ Includes fire protection districts and lightning and improvement districts located throughout the unincorporated sections of Lee County.

² Does not include Other Special Districts since reported as a range. Overlapping rates are those of Lee County that apply to property owners within Lee County. Not all overlapping rates apply to all Lee County property owners (e.g. special assessments only apply to the property owners located in that district).

Source: Lee County Property Appraiser

Table 7

**THE SCHOOL DISTRICT OF LEE COUNTY
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

Name	2010			2001		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
Fl Power & Light	\$ 981,958,870	1	1.437%	\$ 233,056,580	2	0.405%
Embarq Florida, Inc	399,293,090	2	0.584%	203,452,160	1	0.464%
Lee County Electric Coop	384,693,990	3	0.563%	188,865,510	3	0.376%
TRG Oasis LTD	186,403,990	4	0.273%			
Coconut Point Developers, LLC	134,309,790	5	0.197%			
Christian & Missionary Alliance, Inc.	215,864,640	6	0.316%			
Gulf Coast Town Center CMBS	98,535,640	7	0.144%			
Comcast	95,409,000	8	0.140%			
AT & T Communications	81,885,660	9	0.120%	57,654,490	5	0.115%
Edison Mall Business Trust	81,212,580	10	0.119%	88,347,130	4	0.176%
Marry Land & Investment Co., Inc				53,883,680	6	0.107%
US Homes				44,162,970	7	0.088%
Gatorland Vistas, Inc				41,005,280	8	0.082%
Long Bay Properites				38,415,660	9	0.076%
WCI Communities				37,799,330	10	0.075%
	<u>\$ 2,659,567,250</u>		<u>3.892%</u>	<u>\$ 986,642,790</u>		<u>1.964%</u>

Source: Lee County Property Appraiser

Table 8

**THE SCHOOL DISTRICT OF LEE COUNTY
PROPERTY TAX LEVIES AND COLLECTIONS
LAST 10 FISCAL YEARS
(UNAUDITED)**

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2001	\$ 245,340,813	\$ 236,218,252	96.28%	\$ 1,347,546	\$ 237,565,797	96.83%
2002	269,772,722	260,213,652	96.46%	1,119,467	261,333,118	96.87%
2003	316,310,119	303,596,908	95.98%	1,468,869	305,065,777	96.45%
2004	360,094,111	345,873,754	96.05%	629,240	346,502,993	96.23%
2005	405,400,523	389,510,642	96.08%	467,847	389,978,488	96.20%
2006	504,308,781	485,410,803	96.25%	600,239	486,011,042	96.37%
2007	628,825,980	605,730,088	96.33%	1,051,887	606,781,976	96.49%
2008	673,008,222	644,484,413	95.76%	4,383,610	648,868,023	96.41%
2009	606,574,530	599,212,175	98.79%	3,157,103	602,369,278	99.31%
2010	514,468,676	506,573,323	98.47%	-	506,573,323	98.47%

Note: Property Taxes become due and payable on November 1st of each year. A four percent (4%) discount is allowed if taxes are paid in November, with the discounts declining by one percent (1%) each month thereafter. Accordingly, taxes collected will never be 100% of the tax levy. Taxes become delinquent on April 1st of each year and tax certificates for the full amount of any unpaid taxes and assessments must be sold not later than June 1st of each year.

Source: Lee County Tax Collector

**THE SCHOOL DISTRICT OF LEE COUNTY
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST 10 FISCAL YEARS
(UNAUDITED)**

Other Governmental Activities Debt							
Fiscal Year	Special Revenue Bonds	State Board of Education Bonds	Certificates of Participation ¹	Section 1011.14 Loans	Total Primary Government	Percentage of Personal Income ²	Per Capita ²
2001	\$ 770,000	\$ 24,070,000	\$ 171,995,000	\$ 18,271,712	\$ 215,106,712	1.72%	472.85
2002	595,000	23,695,000	160,710,000	12,105,729	197,105,729	1.44%	414.90
2003	410,000	22,710,000	233,620,000	9,000,000	265,740,000	1.84%	534.66
2004	210,000	23,030,000	429,045,000	6,000,000	458,285,000	2.93%	879.20
2005	-	23,655,000	521,340,000	3,000,000	547,995,000	3.21%	1,020.13
2006	-	21,805,000	596,000,000	-	617,805,000	3.39%	1,076.53
2007	-	20,500,000	574,230,000	3,568,840	598,298,840	2.50%	971.27
2008	-	19,135,000	552,125,000	3,343,042	574,603,042	2.24%	909.57
2009	-	17,730,000	528,220,000	9,337,009	555,287,009	2.25%	902.72
2010	-	16,120,000	502,595,000	8,567,563	527,282,563	2.29%	846.50

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

¹ The district refinanced \$26.9 million of Certificates of Participation and \$1.3 million in State Board of Education Bonds during 2010.

² Population and personal income data can be found in Table 13.

Source: District Records

**THE SCHOOL DISTRICT OF LEE COUNTY
COMPUTATION OF LEGAL DEBT MARGIN
LAST 10 FISCAL YEARS
(UNAUDITED)**

Table 10

	<u>June 30, 2001</u>	<u>June 30, 2002</u>	<u>June 30, 2003</u>	<u>June 30, 2004</u>	<u>June 30, 2005</u>	<u>June 30, 2006</u>	<u>June 30, 2007</u>	<u>June 30, 2008</u>	<u>June 30, 2009</u>	<u>June 30, 2010</u>
Limit of bonded indebtedness, 10% of net assessed value of taxable property	\$2,791,732,700	\$3,187,375,600	\$3,691,280,900	\$4,319,877,700	\$5,026,703,300	\$6,407,907,500	\$8,966,063,500	\$9,644,906,300	\$8,452,842,800	\$6,492,477,400
Total bonded debt	24,840,000	24,290,000	23,120,000	23,240,000	23,655,000	21,805,000	20,500,000	19,135,000	17,730,000	16,120,000
Less amount available in Debt Service Funds	1,151,326	1,143,242	1,134,317	578,248	586,392	580,837	550,407	523,435	473,143	438,473
Total amount applicable to debt limit	<u>23,688,674</u>	<u>10,259,027</u>	<u>21,985,683</u>	<u>22,661,752</u>	<u>23,068,608</u>	<u>21,224,163</u>	<u>19,949,593</u>	<u>18,611,565</u>	<u>17,256,857</u>	<u>15,681,527</u>
Legal debt margin on bonded debt	<u>\$2,768,044,026</u>	<u>\$3,177,116,573</u>	<u>\$3,669,295,217</u>	<u>\$4,297,015,948</u>	<u>\$5,003,634,692</u>	<u>\$6,386,683,337</u>	<u>\$8,946,113,907</u>	<u>\$9,626,294,735</u>	<u>\$8,435,585,943</u>	<u>\$6,476,795,873</u>
Legal debt margin on bonded debt as a percentage of bonded debt limit	<u>99.15%</u>	<u>99.68%</u>	<u>99.40%</u>	<u>99.48%</u>	<u>99.54%</u>	<u>99.67%</u>	<u>99.78%</u>	<u>99.81%</u>	<u>99.80%</u>	<u>99.76%</u>

Source: District Records

**THE SCHOOL DISTRICT OF LEE COUNTY
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of June 30, 2010
(UNAUDITED)**

FINANCIAL PARAMETERS

Direct debt:	
State Board of Education Bond ⁽¹⁾	\$ 16,120,000
Section 1011.14 Loans	8,567,563
Certificates of Participation	<u>502,595,000</u>
Total Direct Debt	527,282,563
Overlapping debt ⁽²⁾	
Lee County ⁽³⁾	<u>216,772,940</u>
Total Direct and Overlapping debt	<u>\$ 744,055,503</u>
Population	622,900
Assessed property valuation (in thousands)	\$ 82,498,303
Net Assessed taxable property valuation (in thousands)	\$ 64,924,774

DEBT RATIOS

Percent of assessed property valuation	
Direct debt	0.64%
Overlapping debt	0.26%
Direct and overlapping debt	0.90%
Percent of assessed taxable property valuation	
Direct debt	0.81%
Overlapping debt	0.33%
Direct and overlapping debt	1.15%
Per Capita	
Direct debt	\$ 846
Overlapping debt	\$ 348
Direct and overlapping debt	\$ 1,195

(1) State Board of Education debt is payable from motor vehicle and gross receipt taxes.

(2) Overlapping debt includes only general obligation debt secured by ad valorem taxes as of June 30, 2010

(3) Because the county and the school district coincide, the percentage of overlap is 100%.

Sources: District Records; Table 5; and Table 13
Lee County Clerk of Court

**THE SCHOOL DISTRICT OF LEE COUNTY
PLEGDED-REVENUE COVERAGE
LAST 10 FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Special Revenue Bond				State Board of Education Bonds				
	Race Track Commission ¹	Principal	Interest	Coverage	Motor Vehicle Tax ¹	Principal	Interest	Coverage	
2001	\$ 223,250	\$ 165,000	\$ 52,593	1.03	\$ 2,078,680	\$ 885,000	\$ 1,237,683	0.98	
2002	223,250	175,000	42,179	1.03	2,100,912	930,000	1,199,386	0.99	
2003	223,250	185,000	31,109	1.03	2,135,196	985,000	1,179,563	0.99	
2004	223,250	200,000	19,220	1.02	2,240,037	1,070,000	1,164,921	1.00	
2005	223,250	210,000	6,510	1.03	2,356,616	1,180,000	1,173,729	1.00	
2006	-	-	-	-	2,348,899	1,310,000	1,062,192	0.99	
2007	-	-	-	-	2,294,560	1,305,000	1,036,000	0.98	
2008	-	-	-	-	2,298,127	1,365,000	978,596	0.98	
2009	-	-	-	-	2,275,455	1,405,000	919,671	0.98	
2010	-	-	-	-	2,287,774	1,485,000	837,160	0.99	

Note 1: The above revenues do not include interest earnings which are also available for debt service.

Note 2: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

Source: District Records

**THE SCHOOL DISTRICT OF LEE COUNTY
DEMOGRAPHIC STATISTICS
LAST 10 FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Estimated Population¹	Personal Income (thousands of dollars)²	Per Capita Personal Income²	Median Age⁴	Average Daily School Membership (K through Grade 12)³	Unemployment Rate %²
2001	454,918	12,519,798	27,521	45.2	57,232	3.2%
2002	475,073	13,706,331	28,851	45.6	59,591	4.0%
2003	497,022	14,432,028	29,037	45.6	62,094	4.0%
2004	521,253	15,644,366	30,013	45.8	66,114	3.8%
2005	537,180	17,094,160	34,760	44.2	70,850	3.8%
2006	573,885	18,221,460	35,411	43.7	75,345	2.8%
2007	615,999	23,906,240	39,410	43.2	78,732	4.7%
2008	631,733	25,605,040	41,864	42.7	79,446	8.4%
2009	615,124	24,674,348	41,954	42.7	78,975	13.9%
2010	622,900	22,983,593	39,160	42.7	80,483	13.0%

¹ University of Florida, Bureau of Economic and Business Research.

² Florida Research and Economic Database

³ The source of this information is District records.

⁴ Factfinder.census.gov

**THE SCHOOL DISTRICT OF LEE COUNTY
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

Name	2010			2001		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Lee Memorial Health System	9,434	1	3.37%	4,600	2	2.21%
Lee County School Board	9,270	2	3.31%	8,026	1	3.86%
Publix Super Markets	3,071	3	1.10%	2,839	3	1.37%
Lee County Government	2,364	4	0.85%	1,657	5	0.80%
Wal-Mart Stores, Inc.	1,967	5	0.70%	1,850	4	0.89%
Lee County Sheriff's Office	1,585	6	0.57%	-	-	0.00%
City of Cape Coral	1,409	7	0.50%	1,370	6	0.66%
Chico's FAS, Inc	1,388	8	0.50%	-	-	0.00%
Target	1,100	9	0.39%	-	-	0.00%
Florida Gulf Coast University	993	10	0.35%	-	-	0.00%
MeriStar	-	-	0.00%	1,250	7	0.60%
Florida Dept of Children and Families	-	-	0.00%	1,182	8	0.57%
SWFL Regional Medical Center	-	-	0.00%	1,030	9	0.50%
WCI Communities	-	-	0.00%	1,007	10	0.48%
Total	32,581		11.65%	24,811		11.94%

Source: Lee County Office of Economic Development, and Florida Research and Economic Database. Principal employers and county employment are based on a calendar year.

**THE SCHOOL DISTRICT OF LEE COUNTY
NUMBER OF FULL-TIME PERSONNEL
LAST 10 FISCAL YEARS
(UNAUDITED)**

Fiscal Year	(A) Full-time Instructional	(B) Full-time Administrative	(C) Full-time Support Services	Total
2001	3,455	225	2,633	6,313
2002	3,458	230	2,705	6,393
2003	3,620	248	2,875	6,743
2004	4,076	269	3,192	7,537
2005	4,352	261	3,329	7,942
2006	4,658	305	3,540	8,503
2007	5,258	329	3,787	9,374
2008	5,131	324	3,666	9,121
2009	5,096	316	3,644	9,056
2010	4,908	316	3,415	8,639

- (A) Full-Time Classroom Teachers, Guidance/Psychologists, Exceptional Education Teachers, Media Specialist, Other Professional Instructional Staff
- (B) Full-Time Principals, Assistant Principals, Superintendent, Chief Academic Officer, Chief Business Officer, Administrators on Assignment, Directors, Coordinators
- (C) Full-Time Paraprofessional, Bus Drivers, Monitors, Maintenance, Clerical, Etc.

Source: District Records

Table 16

**THE SCHOOL DISTRICT OF LEE COUNTY
TEACHERS' BASE SALARIES (10 MONTHS)
LAST 10 FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Minimum Salary	Maximum Salary	Average Salary
2001	\$ 28,500	\$ 54,260	\$ 38,343
2002	28,785	54,545	39,443
2003	29,073	54,833	40,214
2004	30,073	55,833	42,116
2005	30,473	56,233	42,186
2006	30,473	57,773	42,768
2007	36,000	61,500	43,995
2008	37,080	63,195	46,499
2009	38,192	64,941	48,282
2010	38,192	64,941	47,628

Source: District Records

**THE SCHOOL DISTRICT OF LEE COUNTY
OPERATING STATISTICS
LAST 10 FISCAL YEARS
(UNAUDITED)**

Table 17

<u>Fiscal Year</u>	<u>Expenditures</u>	<u>Enrollment</u>	<u>Cost per Student</u>	<u>Percentage Change</u>	<u>Instructional Personnel</u>	<u>Ratio of Students to Instructional Personnel</u>	<u>School Attendance Percentage</u>
2001	\$ 431,641,095	57,232	\$ 7,542	-1.41%	3,455	16.56	93.71%
2002	549,587,861	59,591	9,223	22.28%	3,458	17.23	93.55%
2003	488,546,482	62,094	7,868	-14.69%	3,620	17.15	93.78%
2004	663,860,746	68,114	10,041	27.62%	4,076	16.22	93.80%
2005	827,916,093	70,850	11,685	16.38%	4,352	16.28	93.40%
2006	850,352,648	75,345	11,286	-3.42%	4,658	16.18	93.52%
2007	1,005,852,699	78,732	12,776	13.20%	5,258	14.97	93.79%
2008	969,442,082	79,446	12,203	-4.49%	5,131	15.48	94.08%
2009	960,028,321	78,975	12,156	-0.38%	5,096	15.50	94.07%
2010	844,372,698	80,483	10,491	-13.70%	4,908	16.40	93.68%

Source: District Records

**THE SCHOOL DISTRICT OF LEE COUNTY
FOOD SERVICE OPERATING DATA
LAST 10 FISCAL YEARS
(UNAUDITED)**

	<u>June 30, 2001</u>	<u>June 30, 2002</u>	<u>June 30, 2003</u>	<u>June 30, 2004</u>	<u>June 30, 2005</u>	<u>June 30, 2006</u>	<u>June 30, 2007</u>	<u>June 30, 2008</u>	<u>June 30, 2009</u>	<u>June 30, 2010</u>
Days Meals were Served	180	180	180	180	174	175	180	180	180	180
Average Number of Free and Reduced Meals Served Daily	26,840	28,449	29,649	31,165	35,267	35,041	36,134	40,188	44,936	51,626
Number of Free and Reduced Meals Served	4,831,204	5,120,863	5,336,839	5,609,676	6,136,428	6,132,154	6,504,061	7,233,770	8,088,525	9,292,739
Average Daily Subsidy Received	\$ 51,120	\$ 56,995	\$ 60,229	\$ 64,950	\$ 75,563	\$ 77,581	\$ 82,948	\$ 107,233	\$ 116,196	\$ 132,221
Total Subsidy Received	\$ 9,201,538	\$ 10,259,027	\$ 10,841,220	\$ 11,691,032	\$ 13,147,990	\$ 13,576,759	\$ 14,930,654	\$ 19,301,862	\$ 20,915,264	\$ 23,799,702
Average Number of Meals Served Daily	38,839	40,992	42,422	45,451	50,139	53,458	56,854	57,903	58,527	62,589
Number of Full Paid Meals Served	2,159,729	2,257,721	2,299,056	2,571,541	2,587,743	3,222,954	3,729,634	3,188,694	2,446,286	1,973,355
Average Daily Revenues	\$ 102,557	\$ 107,362	\$ 115,669	\$ 126,677	\$ 141,253	\$ 144,616	\$ 156,900	\$ 168,783	\$ 165,280	\$ 176,881
Total Revenues	\$ 18,460,197	\$ 19,325,214	\$ 20,820,426	\$ 22,801,820	\$ 24,577,941	\$ 25,307,791	\$ 28,241,984	\$ 30,380,852	\$ 29,750,388	\$ 31,838,517
Average Daily Costs	\$ 91,712	\$ 102,764	\$ 108,876	\$ 129,467	\$ 149,239	\$ 159,031	\$ 170,248	\$ 165,969	\$ 151,613	\$ 150,316
Total Costs	\$ 16,508,235	\$ 18,497,515	\$ 19,597,609	\$ 23,304,061	\$ 25,967,632	\$ 27,830,499	\$ 30,644,647	\$ 29,874,457	\$ 27,290,385	\$ 27,056,893

Source: District Records

**THE SCHOOL DISTRICT OF LEE COUNTY
SCHOOL BUILDING INFORMATION
LAST 10 FISCAL YEARS
(UNAUDITED)**

	June 30, 2001	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010
Elementary Schools										
Allen Park ES (1957)										
Square Feet	83,390	83,390	83,390	83,390	83,390	108,181	108,181	112,165	112,165	112,662
Capacity (students)	852	852	755	719	683	732	1,061	1,056	1,056	1,028
Enrollment	807	833	854	857	936	904	882	889	900	932
Alva ES (1886)										
Square Feet	46,524	46,524	46,524	46,524	46,524	46,524	48,524	47,774	47,774	47,774
Capacity (students)	390	390	367	281	267	321	303	391	391	391
Enrollment	399	395	415	423	480	482	485	441	409	394
Bayshore ES (1966)										
Square Feet	56,931	56,931	56,931	56,931	56,931	82,271	82,271	85,873	85,873	85,873
Capacity (students)	461	461	355	355	337	359	693	693	693	693
Enrollment	541	554	577	593	653	620	641	615	552	583
Bonita Springs ES (1916)										
Square Feet	47,480	47,480	47,480	47,480	47,480	51,746	51,746	51,746	51,746	53,595
Capacity (students)	394	394	323	395	375	401	389	405	405	396
Enrollment	348	411	400	364	384	410	430	434	434	470
Caloosa ES (2000)										
Square Feet	110,310	110,310	110,310	110,310	110,310	135,538	136,458	141,632	141,632	141,632
Capacity (students)	989	989	738	738	701	741	1,075	1,075	1,075	1,085
Enrollment	1,023	1,017	1,056	1,021	1,090	990	1,014	1,061	1,017	981
Cape Coral ES (1963)										
Square Feet	89,769	89,769	89,769	89,769	89,769	76,540	101,435	114,054	114,054	114,054
Capacity (students)	944	944	713	713	677	723	878	916	898	898
Enrollment	942	915	996	957	973	912	878	800	752	769
Colonial ES (1978)										
Square Feet	89,226	89,226	89,226	89,226	89,226	108,334	108,334	109,524	109,524	109,524
Capacity (students)	889	889	693	693	658	79	965	965	965	922
Enrollment	798	817	787	808	791	761	804	755	695	774
Diplomat ES (1991)										
Square Feet	91,185	91,185	91,185	91,185	91,185	116,525	116,525	117,267	117,267	117,267
Capacity (students)	888	888	693	698	663	762	1,086	1,086	1,086	1,086
Enrollment	982	1,030	986	902	1,002	927	930	936	939	906
Edgewood Renaissance (1924)										
Square Feet	92,356	92,356	92,356	92,356	92,356	92,356	92,356	105,524	105,524	105,524
Capacity (students)	871	871	671	641	609	741	741	741	741	741
Enrollment	874	870	864	824	724	749	729	471	434	432
Edison Park ES (1926)										
Square Feet	70,956	70,956	70,956	70,956	70,956	70,956	70,956	70,956	70,956	70,956
Capacity (students)	616	616	481	481	457	449	449	449	449	457
Enrollment	510	511	551	535	468	418	366	381	387	383
Franklin Park ES (1954)										
Square Feet	82,723	82,723	82,723	82,723	82,723	82,723	82,723	94,148	94,148	94,148
Capacity (students)	753	753	580	566	538	579	579	579	579	579
Enrollment	465	447	578	590	623	574	542	527	506	499
Ft Myers Beach ES (1938)										
Square Feet	27,020	27,020	27,020	27,020	27,020	27,020	27,020	27,020	27,020	27,723
Capacity (students)	234	234	200	200	190	200	200	200	200	221
Enrollment	187	192	200	197	209	194	194	174	150	143

(Continue)

THE SCHOOL DISTRICT OF LEE COUNTY
SCHOOL BUILDING INFORMATION
LAST 10 FISCAL YEARS
(UNAUDITED)

Table 19

	June 30, 2001	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010
Elementary Schools										
G. Weaver Higgs ES (2009)										
Square Feet	-	-	-	-	-	-	-	-	106,076	106,076
Capacity (students)	-	-	-	-	-	-	-	-	-	758
Enrollment	-	-	-	-	-	-	-	-	-	561
Gateway ES (1991)										
Square Feet	111,893	111,893	111,893	111,893	111,893	111,893	111,893	111,466	111,466	111,466
Capacity (students)	979	979	750	750	713	758	758	758	758	758
Enrollment	917	932	1,017	1,002	1,007	968	946	771	747	694
Gulf Elementary (1982)										
Square Feet	94,690	94,690	94,690	94,690	94,690	156,247	156,247	156,012	156,012	156,012
Capacity (students)	964	964	732	724	1,225	1,294	1,396	1,396	1,347	1,347
Enrollment	975	998	1,062	1,319	1,567	1,475	1,357	1,266	1,207	1,159
Hancock Creek ES (1992)										
Square Feet	118,197	118,197	118,197	118,197	118,197	143,537	143,537	145,890	145,890	145,890
Capacity (students)	936	936	712	712	676	720	1,044	1,044	1,044	1,044
Enrollment	912	978	1,000	971	1,004	958	953	903	883	874
Hams Marsh Elementary (2005)										
Square Feet	-	-	-	-	-	116,612	122,125	120,419	120,419	120,419
Capacity (students)	-	-	-	-	-	963	930	916	912	912
Enrollment	-	-	-	-	-	936	956	871	914	932
Hector Cafarata Jr. Elementary (2006)										
Square Feet	-	-	-	-	-	69,380	69,380	71,199	71,199	71,199
Capacity (students)	-	-	-	-	-	883	883	883	883	883
Enrollment	-	-	-	-	-	694	758	739	736	717
Heights ES (1963)										
Square Feet	75,704	75,704	75,704	75,704	75,704	75,704	75,384	154,099	154,099	154,099
Capacity (students)	837	837	677	677	634	695	695	695	1,306	1,306
Enrollment	752	806	806	840	839	754	643	639	826	889
J. Colin English ES (1929)										
Square Feet	91,658	91,658	91,658	91,658	91,658	91,658	91,658	96,778	96,778	96,778
Capacity (students)	770	770	589	589	560	589	597	597	601	601
Enrollment	778	766	798	773	848	734	626	459	386	310
James Stephens Int'l Academy (K-8) (1958) c										
Square Feet	-	-	-	-	-	-	-	-	-	168,406
Capacity (students)	-	-	-	-	-	-	-	-	-	1,077
Enrollment	-	-	-	-	-	-	-	-	-	664
Lehigh ES (1958)										
Square Feet	79,533	79,533	79,533	79,533	79,533	79,533	79,533	79,533	149,735	149,735
Capacity (students)	873	873	688	688	654	764	764	764	758	1,056
Enrollment	961	974	985	937	929	1,006	1,024	890	802	834
Littleton ES (1991)										
Square Feet	108,424	108,424	108,424	108,424	108,424	108,424	108,424	118,279	118,279	118,279
Capacity (students)	964	964	730	730	694	738	738	738	738	738
Enrollment	952	948	944	995	982	881	772	701	621	593
Manatee ES (2008)										
Square Feet	-	-	-	-	-	-	-	127,358	127,358	127,358
Capacity (students)	-	-	-	-	-	-	-	1,070	1,042	1,042
Enrollment	-	-	-	-	-	-	-	785	757	781

(Continue)

**THE SCHOOL DISTRICT OF LEE COUNTY
SCHOOL BUILDING INFORMATION
LAST 10 FISCAL YEARS
(UNAUDITED)**

	June 30, 2001	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010
Elementary Schools										
Michigan Montessori (K-8) (1964) °										
Square Feet	83,627	83,627	83,627	83,627	83,627	83,627	83,627	83,627	83,627	83,627
Capacity (students)	624	624	624	624	658	618	737	663	663	-
Enrollment	647	766	722	703	639	646	694	527	475	-
Mirror Lakes ES (1998)										
Square Feet	99,954	99,954	99,954	99,954	99,954	131,223	131,223	133,702	133,702	133,702
Capacity (students)	759	759	601	623	592	619	1,061	1,061	1,061	1,061
Enrollment	847	842	856	826	843	957	1,105	1,078	1,070	983
North Ft Myers Academy (K-8) (1973)										
Square Feet	193,071	193,071	193,071	193,071	193,071	197,630	197,630	205,425	205,425	205,425
Capacity (students)	1,949	1,949	831	831	878	1,459	1,509	1,358	1,315	1,417
Enrollment	1,198	1,110	1,113	1,364	1,403	1,258	1,255	993	1,016	1,005
Orange River ES (1957)										
Square Feet	75,305	75,305	75,305	75,305	75,305	93,586	93,586	97,883	97,883	97,883
Capacity (students)	726	726	622	600	570	619	817	817	817	817
Enrollment	793	801	855	807	812	834	875	850	790	795
Orangewood ES (1954)										
Square Feet	86,249	86,249	86,249	86,249	86,249	86,249	86,249	86,249	86,249	87,104
Capacity (students)	779	779	644	634	602	637	637	637	637	614
Enrollment	830	763	778	810	846	807	719	720	724	704
Patriot ES (2008)										
Square Feet	-	-	-	-	-	-	-	125,295	125,295	125,295
Capacity (students)	-	-	-	-	-	-	-	1,070	1,046	1,046
Enrollment	-	-	-	-	-	-	-	767	757	744
Pelican ES (1978)										
Square Feet	90,047	90,047	90,047	90,047	90,047	140,290	143,026	154,885	154,885	154,885
Capacity (students)	952	952	689	689	655	694	1,342	1,362	1,352	1,362
Enrollment	996	1,035	1,073	985	997	992	1,187	1,107	1,134	1,063
Pine Island ES (1955)										
Square Feet	54,379	54,379	54,379	54,379	54,379	54,379	54,379	54,391	54,391	54,391
Capacity (students)	446	446	372	372	353	391	391	391	391	391
Enrollment	463	482	473	581	474	413	356	318	302	294
Pinewoods ES (1992)										
Square Feet	107,408	107,408	107,408	107,408	107,408	132,170	132,170	126,864	126,864	127,328
Capacity (students)	952	952	718	712	676	720	1,044	1,044	1,044	1,060
Enrollment	955	961	982	956	993	917	952	969	954	904
Ray V. Pottorf Elementary (2005)										
Square Feet	-	-	-	-	-	116,566	122,162	121,475	121,453	121,453
Capacity (students)	-	-	-	-	-	963	930	912	882	884
Enrollment	-	-	-	-	-	664	679	644	602	616
Rayma Page Elementary (2004)										
Square Feet	-	-	-	-	-	112,365	122,162	113,591	118,093	117,936
Capacity (students)	-	-	-	-	-	856	836	836	846	846
Enrollment	-	-	-	-	-	563	663	642	647	720
River Hall Elementary (2006)										
Square Feet	-	-	-	-	-	-	118,394	124,040	124,040	124,040
Capacity (students)	-	-	-	-	-	-	1,076	1,046	1,046	1,046
Enrollment	-	-	-	-	-	-	841	867	903	915

(Continue)

**THE SCHOOL DISTRICT OF LEE COUNTY
SCHOOL BUILDING INFORMATION
LAST 10 FISCAL YEARS
(UNAUDITED)**

	June 30, 2001	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010
Elementary Schools										
San Carlos Park ES (1978)										
Square Feet	89,614	89,614	89,614	89,614	89,614	114,496	114,496	120,186	120,186	120,186
Capacity (students)	957	957	724	724	688	747	1,081	1,081	1,062	1,026
Enrollment	938	992	957	991	986	865	863	864	858	827
Skyline ES (1987)										
Square Feet	87,295	87,295	87,295	87,295	87,295	136,686	136,686	142,322	142,322	142,322
Capacity (students)	889	889	678	678	644	692	1,350	1,380	1,380	1,380
Enrollment	1,033	1,041	1,024	943	983	969	1,143	1,064	1,012	966
Spring Creek ES (1981)										
Square Feet	90,737	90,737	90,737	90,737	90,737	90,737	90,737	98,328	98,328	98,328
Capacity (students)	918	918	715	715	679	753	753	753	753	753
Enrollment	933	935	944	902	788	812	787	745	694	706
Sunshine ES (1986)										
Square Feet	90,997	90,997	90,997	90,997	90,997	122,267	122,078	126,484	126,484	126,484
Capacity (students)	925	925	687	687	653	777	1,209	1,191	1,191	1,191
Enrollment	938	958	1,021	1,016	1,016	1,066	1,135	1,148	1,132	1,118
Tanglewood Riverside ES (1970)										
Square Feet	76,598	76,598	76,598	76,598	76,598	94,870	94,870	94,870	98,639	98,639
Capacity (students)	752	752	544	510	491	561	789	793	773	786
Enrollment	592	671	687	715	750	712	710	722	710	751
The Sanibel School (K-8) (1962)										
Square Feet	55,241	55,241	55,241	55,241	55,241	55,777	55,777	73,577	73,577	73,577
Capacity (students)	262	259	458	405	428	418	395	395	395	439
Enrollment	415	448	439	425	420	402	386	367	372	368
Three Oaks ES (1987)										
Square Feet	86,694	86,694	86,694	86,694	86,694	86,694	86,694	91,616	91,616	91,616
Capacity (students)	889	889	678	678	644	738	738	738	738	731
Enrollment	987	1,000	1,012	968	1,024	952	865	776	762	745
Tice ES (1927)										
Square Feet	70,443	70,443	70,443	70,443	70,443	70,443	70,443	70,443	70,443	70,443
Capacity (students)	646	646	626	626	595	587	587	587	587	587
Enrollment	720	750	703	662	698	710	685	578	554	495
Trafalgar ES (2004)										
Square Feet	-	-	-	69,608	69,608	86,988	86,988	91,577	91,577	91,577
Capacity (students)	-	-	-	315	523	959	977	977	1,036	1,036
Enrollment	-	-	-	310	579	897	894	873	828	817
Treeline ES (2008)										
Square Feet	-	-	-	-	-	-	-	101,574	125,155	125,155
Capacity (students)	-	-	-	-	-	-	-	758	1,029	1,029
Enrollment	-	-	-	-	-	-	-	672	896	872
Tropic Isles ES (1959)										
Square Feet	85,250	85,250	85,250	85,250	85,250	110,590	110,590	110,590	110,590	110,590
Capacity (students)	906	906	712	712	676	727	1,051	1,051	1,051	1,051
Enrollment	997	951	1,032	1,026	1,089	1,101	1,047	936	875	931
Veterans Park Academy K-8 (2004)										
Square Feet	-	-	-	152,716	152,716	196,574	196,574	196,821	196,821	196,821
Capacity (students)	-	-	-	-	1,145	1,734	1,767	1,767	1,768	1,964
Enrollment	-	-	-	-	857	1,421	1,483	1,547	1,439	1,392

(Continue)

Table 19

THE SCHOOL DISTRICT OF LEE COUNTY
 SCHOOL BUILDING INFORMATION
 LAST 10 FISCAL YEARS
 (UNAUDITED)

	June 30, 2001	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010
86,531	86,531	86,531	86,531	86,531	86,531	104,802	104,802	112,453	112,453	112,453
804	804	693	693	693	658	727	842	843	881	881
820	852	842	867	867	897	892	885	844	805	784

Elementary Schools

Villas ES (1961)
 Square Feet
 Capacity (students)
 Enrollment

(Continue)

**THE SCHOOL DISTRICT OF LEE COUNTY
SCHOOL BUILDING INFORMATION
LAST 10 FISCAL YEARS
(UNAUDITED)**

	June 30, 2001	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010
Middle Schools										
Alva MS (1927)										
Square Feet	81,299	81,299	81,299	81,299	81,299	81,826	81,826	83,208	83,208	83,208
Capacity (students)	628	628	516	516	544	514	513	514	514	571
Enrollment	692	643	652	653	574	521	524	580	531	562
Bonita Springs MS (1976)										
Square Feet	120,723	120,723	120,723	120,723	120,723	120,723	120,723	126,497	126,497	126,497
Capacity (students)	1,093	1,093	824	864	912	876	875	876	888	988
Enrollment	1,034	991	1,020	941	864	628	576	599	652	625
Caloosa MS (2000)										
Square Feet	132,060	132,060	132,060	132,060	132,060	132,060	132,060	132,111	132,111	132,111
Capacity (students)	1,142	1,142	966	977	1,032	1,005	1,005	1,005	1,013	1,126
Enrollment	1,173	1,248	1,274	1,261	1,205	1,126	1,063	886	852	876
Challenger MS (2008)										
Square Feet	-	-	-	-	-	-	-	162,113	162,113	162,113
Capacity (students)	-	-	-	-	-	-	-	1,257	1,230	1,367
Enrollment	-	-	-	-	-	-	-	863	970	1,024
Cypress Lake MS (1961)										
Square Feet	137,171	137,171	137,171	137,171	137,171	137,171	137,171	137,171	137,171	137,175
Capacity (students)	1,045	1,045	833	833	880	880	880	880	880	896
Enrollment	1,129	1,173	1,213	1,204	1,236	965	822	742	717	715
Diplomat MS (1999)										
Square Feet	138,827	138,827	138,827	138,827	138,827	138,827	138,827	139,855	139,855	139,855
Capacity (students)	1,168	1,168	986	973	1,027	974	973	974	974	1,082
Enrollment	1,112	1,225	1,269	1,262	1,239	1,103	1,043	862	818	842
Ft Myers Middle Academy (1951)										
Square Feet	125,734	125,734	125,734	125,734	125,734	125,734	125,734	125,734	125,675	125,675
Capacity (students)	875	875	804	781	825	858	857	858	858	954
Enrollment	804	736	724	749	771	737	694	613	702	536
Gulf Middle (1981)										
Square Feet	126,599	126,599	126,599	126,599	126,599	126,599	126,599	129,821	129,821	129,821
Capacity (students)	1,148	1,148	862	905	955	918	1,024	923	943	1,048
Enrollment	1,137	1,210	1,322	1,295	1,274	1,140	1,109	975	838	798
Lee MS (1958) ^c										
Square Feet	145,535	145,535	145,535	145,535	145,535	145,535	145,535	148,002	168,406	-
Capacity (students)	994	994	824	830	876	926	1,029	926	926	-
Enrollment	991	855	812	730	639	614	685	585	472	-
Lehigh Acres MS (1982)										
Square Feet	126,595	126,595	126,595	126,595	126,595	126,595	126,595	127,054	127,054	127,054
Capacity (students)	1,151	1,151	983	1,022	1,079	1,057	1,129	1,057	1,058	1,175
Enrollment	1,291	1,088	1,174	1,294	900	942	1,006	1,049	1,012	988
Lexington Middle School (2005)										
Square Feet	-	-	-	-	160,706	160,706	160,706	175,499	175,499	175,499
Capacity (students)	-	-	-	-	-	1,045	1,141	1,027	1,031	1,147
Enrollment	-	-	-	-	-	771	867	828	859	909
Mariner MS (2004)										
Square Feet	-	-	-	102,009	102,009	134,668	134,668	135,183	135,183	135,183
Capacity (students)	-	-	-	706	706	1,141	1,268	1,141	1,141	1,268
Enrollment	-	-	-	305	731	1,278	963	910	1,078	942

(Continue)

**THE SCHOOL DISTRICT OF LEE COUNTY
SCHOOL BUILDING INFORMATION
LAST 10 FISCAL YEARS
(UNAUDITED)**

	<u>June 30, 2001</u>	<u>June 30, 2002</u>	<u>June 30, 2003</u>	<u>June 30, 2004</u>	<u>June 30, 2005</u>	<u>June 30, 2006</u>	<u>June 30, 2007</u>	<u>June 30, 2008</u>	<u>June 30, 2009</u>	<u>June 30, 2010</u>
Middle Schools										
Oak Hammock MS (2009)										
Square Feet	-	-	-	-	-	-	-	-	153,490	153,490
Capacity (students)	-	-	-	-	-	-	-	-	1,224	1,360
Enrollment	-	-	-	-	-	-	-	-	826	1,165
Paul Laurence Dunbar MS (1962)										
Square Feet	163,548	163,548	163,548	163,548	163,548	163,548	163,548	163,548	163,548	163,548
Capacity (students)	1,132	1,132	985	951	1,004	1,013	1,126	1,013	1,013	1,126
Enrollment	1,023	1,125	1,131	1,157	1,137	972	881	946	837	879
Three Oaks MS (1991)										
Square Feet	137,880	137,880	137,880	137,880	137,880	137,880	137,880	144,127	144,127	144,127
Capacity (students)	1,062	1,062	881	881	930	987	987	987	986	1,097
Enrollment	1,077	1,088	1,085	1,052	1,053	862	825	776	771	795
Trafalgar MS (1989)										
Square Feet	143,128	143,128	143,128	143,128	143,128	143,128	143,128	143,159	143,159	143,159
Capacity (students)	1,122	1,122	937	950	1,002	1,034	1,034	1,034	1,034	1,092
Enrollment	1,265	1,363	1,484	1,417	1,416	1,323	1,240	1,067	898	819
Varsity Lakes MS (2004)										
Square Feet	-	-	-	118,017	118,017	118,017	150,722	160,893	160,890	160,890
Capacity (students)	-	-	-	-	981	1,024	1,024	1,024	1,044	1,162
Enrollment	-	-	-	-	724	884	953	958	841	912

(Continue)

Table 19

**THE SCHOOL DISTRICT OF LEE COUNTY
SCHOOL BUILDING INFORMATION
LAST 10 FISCAL YEARS
(UNAUDITED)**

	June 30, 2001	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010
High Schools										
Cape Coral Sr HS (1978)										
Square Feet	262,475	262,475	262,475	262,475	262,475	262,475	262,475	262,945	263,353	263,353
Capacity (students)	1,826	1,826	1,685	1,758	1,758	1,821	1,821	1,821	1,759	1,855
Enrollment	1,795	1,801	1,995	2,104	2,274	2,031	2,107	1,907	1,699	1,556
Cypress Lake Sr HS (1967)										
Square Feet	268,538	268,538	268,538	268,538	268,538	268,538	276,380	276,380	276,380	276,380
Capacity (students)	1,880	1,880	1,613	1,589	1,589	1,703	1,712	1,727	1,643	1,706
Enrollment	1,918	1,890	1,983	2,009	2,025	1,597	1,423	1,321	1,261	1,532
Dunbar HS (2000)										
Square Feet	202,324	202,324	202,324	202,324	202,324	202,324	202,324	202,802	210,097	210,097
Capacity (students)	300	650	900	1,229	1,229	1,242	1,176	1,242	1,186	1,249
Enrollment	275	628	899	1,252	1,055	897	808	814	842	716
East HS (2006)										
Square Feet	-	-	-	-	-	99,628	100,741	313,853	313,853	313,853
Capacity (students)	-	-	-	-	-	809	1,102	1,938	1,947	2,049
Enrollment	-	-	-	-	-	377	756	1,417	1,447	1,499
Estero Sr HS (1985)										
Square Feet	273,777	273,777	273,777	273,777	273,777	273,777	273,777	268,042	268,042	267,550
Capacity (students)	1,794	1,794	1,624	1,671	1,671	1,695	1,932	1,695	1,639	1,710
Enrollment	1,751	1,823	1,867	1,943	2,050	1,616	1,534	1,438	1,360	1,424
Ft Myers Sr HS (1921)										
Square Feet	244,883	244,883	244,883	244,883	244,883	244,883	276,931	276,931	276,931	276,928
Capacity (students)	1,772	1,772	1,672	1,679	1,679	1,743	2,067	1,954	1,869	1,960
Enrollment	1,976	1,986	2,035	2,083	2,280	2,024	1,911	1,804	1,645	1,728
Ida S. Baker HS (2005)										
Square Feet	-	-	-	-	36,480	299,696	299,696	313,582	313,559	313,559
Capacity (students)	-	-	-	-	570	2,066	2,137	2,030	1,941	1,995
Enrollment	-	-	-	-	613	1,444	1,914	1,973	1,814	1,832
Island Coast HS (2008)										
Square Feet	-	-	-	-	-	-	-	42,300	266,259	266,259
Capacity (students)	-	-	-	-	-	-	-	391	1,968	2,060
Enrollment	-	-	-	-	-	-	-	391	1,125	1,444
Lehigh Sr HS (1994)										
Square Feet	283,299	283,299	283,299	283,299	283,299	283,299	283,299	286,602	286,602	286,602
Capacity (students)	1,862	1,709	1,709	1,739	1,739	1,864	1,962	1,864	1,733	1,825
Enrollment	1,509	1,941	2,134	2,275	2,068	2,184	1,979	1,529	1,363	1,321
Mariner Sr HS (1986)										
Square Feet	253,905	253,905	253,905	253,905	253,905	253,905	253,905	253,905	253,905	253,905
Capacity (students)	1,909	1,909	1,645	1,740	1,740	1,721	1,812	1,721	1,636	1,724
Enrollment	1,783	1,945	1,998	2,214	2,195	1,925	1,913	1,805	1,559	1,402
North Ft Myers Sr HS (1960)										
Square Feet	254,877	254,877	254,877	254,877	254,877	254,877	254,877	254,877	254,877	254,877
Capacity (students)	1,853	1,853	1,768	1,768	1,768	1,849	1,946	1,849	1,763	1,859
Enrollment	1,782	1,897	1,968	2,213	2,216	1,983	1,972	1,863	1,596	1,512
Riverdale High 6-12 (1972)										
Square Feet	223,595	223,595	223,595	223,595	223,595	238,328	238,328	250,474	250,474	250,474
Capacity (students)	1,252	1,252	1,252	1,559	1,796	1,540	1,944	2,053	1,927	2,028
Enrollment	1,483	1,624	1,684	1,900	1,968	1,452	2,074	1,908	1,501	1,541

(Continue)

Table 19

THE SCHOOL DISTRICT OF LEE COUNTY
 SCHOOL BUILDING INFORMATION
 LAST 10 FISCAL YEARS
 (UNAUDITED)

	June 30, 2001	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010
High Schools										
South HS (2006)	-	-	-	-	-	300,310	300,310	312,519	312,519	312,519
Square Feet	-	-	-	-	-	2,050	2,050	1,926	1,925	2,064
Capacity (students)	-	-	-	-	-	939	1,187	1,205	1,358	1,473
Enrollment	-	-	-	-	-	-	-	-	-	-

(Continue)

THE SCHOOL DISTRICT OF LEE COUNTY
SCHOOL BUILDING INFORMATION
LAST 10 FISCAL YEARS
(UNAUDITED)

	June 30, 2001	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010
Special Schools										
ALC West (2008)										
Square Feet	-	-	-	-	-	-	-	22,566	22,566	22,566
Capacity (students)	-	-	-	-	-	-	-	265	265	265
Enrollment	-	-	-	-	-	-	-	194	175	163
Buckingham Exceptional Ctr (1984)										
Square Feet	26,383	26,383	26,383	26,383	26,383	26,383	26,383	27,880	27,880	27,880
Capacity (students)	79	79	79	79	84	100	100	100	100	100
Enrollment	83	91	93	96	113	111	108	103	110	109
Ft Myers Sr HS (Edison Ctr) (1921) ^b										
Square Feet	22,786	22,786	22,786	22,786	22,786	22,786	-	-	-	-
Capacity (students)	130	130	130	130	130	141	-	-	-	-
Enrollment	147	139	154	112	87	44	-	-	-	-
Lee County High Tech Central (1966)										
Square Feet	181,289	181,289	181,289	181,289	181,289	181,289	181,289	182,684	182,684	182,684
Capacity (students)	834	834	834	834	834	695	695	695	648	648
Enrollment	79	126	126	112	119	143	63	74	91	55
Lee County Public Service Academy (1964) ^d										
Square Feet	-	-	-	-	-	-	-	-	-	83,627
Capacity (students)	-	-	-	-	-	-	-	-	-	737
Enrollment	-	-	-	-	-	-	-	-	-	-
New Directions School (1993)										
Square Feet	141,483	141,483	141,483	141,483	141,483	141,483	141,483	141,483	141,483	141,483
Capacity (students)	531	531	531	531	561	665	665	665	645	615
Enrollment	906	1,042	1,031	967	868	521	833	608	505	490
North Vo-Tech (1991)										
Square Feet	61,927	61,927	61,927	61,927	61,927	61,927	61,927	61,927	61,927	61,927
Capacity (students)	391	391	391	391	391	334	324	324	324	324
Enrollment	51	51	58	61	57	76	44	67	50	28
Royal Palm Exceptional (1994)										
Square Feet	59,332	59,332	59,332	59,332	59,332	59,332	59,332	59,332	59,332	59,332
Capacity (students)	189	189	189	189	189	230	230	230	230	230
Enrollment	189	198	190	193	207	206	202	196	174	165

(Continue)

**THE SCHOOL DISTRICT OF LEE COUNTY
SCHOOL BUILDING INFORMATION
LAST 10 FISCAL YEARS
(UNAUDITED)**

	June 30, 2001	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010
Ancillary Facilities										
Adams Building (1974) Square Feet	64,320	64,320	64,320	64,320	64,320	64,320	64,320	64,320	64,320	64,320
Dunbar Community (1910) Square Feet	34,783	34,783	34,783	34,783	34,783	35,237	35,237	22,301	22,301	22,301
Food Service Warehouse (1960) Square Feet	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Gwynne Building (1911) Square Feet	19,692	19,692	19,692	19,692	19,692	19,692	19,692	19,692	19,692	19,692
Hipps Building (1955) Square Feet	40,222	40,222	40,222	40,222	40,222	40,222	40,222	40,222	40,222	40,222
Maintenance (1972) Square Feet	65,419	65,419	65,419	65,419	65,419	65,419	65,419	65,419	63,801	63,801
New Administrative Complex (1986) ^a Square Feet	-	-	-	-	330,000	330,000	298,859	298,859	298,859	298,859
R&R Building (1975) Square Feet	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Supply (1960) Square Feet	17,393	17,393	17,393	17,393	17,393	18,308	18,308	18,308	18,308	18,308
Transportation Central (1960) Square Feet	12,456	12,456	12,456	12,456	12,456	12,456	12,456	28,307	28,307	28,307
Transportation East (2004) Square Feet	-	-	-	1,500	1,500	6,568	6,568	6,568	6,568	6,568
Transportation Leonard (2009) Square Feet	-	-	-	-	-	-	-	-	25,124	25,124
Transportation North (1995) Square Feet	34,826	34,826	34,826	34,826	34,826	34,826	34,826	20,492	20,492	20,492
Transportation 6 Mile Cypress (2004) Square Feet	-	-	-	8,000	8,000	26,965	26,965	26,965	26,965	26,965

(Concluded)

Source: District Facilities Office

Note: Year of construction is shown in parentheses. Increases in square footage and capacity are the result of renovations and additions.

^a New administrative complex was purchased in 2005 but was originally built in 1986.^b Fort Myers Sr HS (Edison Center) is included with Fort Myers Sr HS totals beginning 2007^c Michigan Montessori (K-8) was moved to Lee Middle and renamed James Stephens Int'l Academy beginning 2010.^d This program was housed at Lee County High Tech Central prior to 2011. The program will move to the old Michigan Montessori facility in 2011.

OTHER REPORTS



**Report of Independent Certified Public Accountants 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 Honorable Members of the School Board
The School District of Lee County, Florida
Fort Myers, Florida

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 School District of Lee County, Florida as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 13, 2010. We did not audit the financial statements of the aggregate discretely presented component units; those financial statements were audited by other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting described in the accompanying schedule of findings and questioned costs, Finding 2010-1, that we consider to be a significant deficiency in internal control over financial reporting. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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*.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the District's response and, accordingly, we express no opinion on it.

This report is intended for the information and use of the District's management, the Board, and applicable federal and state agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Cherry, Behant & Holland, L.L.P.

Tampa, Florida
December 13, 2010



**Report of Independent Certified Public Accountants on Compliance with
Requirements Applicable to Each Major Program and on Internal Control
Over Compliance in Accordance With OMB Circular A-133**

The Honorable Members of the School Board
The School District of Lee County, Florida
Fort Myers, Florida

Compliance

We have audited the compliance of the School District of Lee County, Florida (“the District”) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. The District’s major federal programs are identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District’s management. Our responsibility is to express an opinion on the District’s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District’s compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District’s internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District’s 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 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information and use of the District's management, the Board, and applicable federal and state agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Cherry, Behant & Holland, L.L.P.

Tampa, Florida
December 13, 2010

THE SCHOOL DISTRICT OF LEE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2010

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Pass Through Grantor Number</u>	<u>Amount of Expenditures</u>	<u>Amount Provided to SubRecipients</u>
UNITED STATES DEPARTMENT OF AGRICULTURE				
Indirect				
Child Nutrition Cluster:				
Florida Department of Education:				
School Breakfast Program	10.553	321	\$ 4,732,068.0	
National School Lunch Program	10.555	300	17,988,966	
Summer Food Service Program for Children	10.559	323	479,350	
Fresh Fruit and Vegetable Program	10.582	300	87,403	
Florida Department of Agriculture & Consumer Services:				
Food Distribution	10.555	None	570,418	
Total Child Nutrition Cluster			23,858,205	
Total United States Department of Agriculture			23,858,205	
UNITED STATES DEPARTMENT OF EDUCATION				
Direct				
Congressionally Identified Awards (NOAA)	11.469	NA08SEC4690055	30,819	
Impact Aid	84.041	None	2,355	
Federal Pell Grant Program	84.063	2965 & 4844	1,832,518	
Safe and Drug-Free Schools and Communities National Programs	84.184	Q18E090045	165,049	\$ 9,833
Carol M. White Physical Education	84.215	Q215F080072	98,408	
Advanced Placement Program	84.330	S330C060130-08	86,395	
Total Direct			2,215,544	9,833
Indirect				
Special Education Cluster:				
Florida Department of Education:				
Special Education-Grants To States	84.027	263	16,301,860	318,371
Special Education-Preschool Grants	84.173	267	491,192	
ARRA - Special Education-Grants To States, Recovery Act	84.391	262	4,871,672	
ARRA - Special Education - Preschool Grants, Recovery Act	84.392	266	177,222	
Total Special Education Cluster			21,841,946	318,371
Florida Department of Education:				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010	212,222,223,226,228	15,558,980	
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	212,223	4,177,363	736
Total Title I, Part A Cluster			19,736,343	736
Child Nutrition Discretionary Grants	10.579	371	11,831	
Adult Ed -Basic Grants to States	84.002	191,193	789,374	
Migrant Education - State Grant Program	84.011	217	665,369	
Career and Technical Education - Basic Grants to States	84.048	151	1,201,478	
Safe & Drug-Free Schools and Communities - State Grants	84.186	103	280,005	60,255
Education for Homeless Children and Youth	84.196	127	96,850	
Charter Schools	84.282	298	783,123	
Education Technology State Grants	84.318	121	285,483	
Reading First State Grants	84.357	211	375,035	
English Language Acquisition Grants	84.365	102	946,241	
Improving Teacher Quality State Grants	84.367	224,225	2,940,542	202,354
Homeless Education Disaster Assistance Program	84.383	S383A090009	72,837	
Education for Homeless Children and Youth, Recovery Act	84.387	127	71,156	
State Fiscal Stabilization Fund-Education State Grants, Recovery Act	84.394	591, 592	27,413,328	118,511
State Fiscal Stabilization Fund-Government Services, Recovery Act	84.397	592	2,167,821	
Total Indirect			79,678,762	700,227
Total United States Department of Education			81,894,306	710,060

THE SCHOOL DISTRICT OF LEE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
Year Ended June 30, 2010

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Pass Through Grantor Number</u>	<u>Amount of Expenditures</u>	<u>Amount Provided to SubRecipients</u>
UNITED STATES DEPT. OF HEALTH & HUMAN SERVICES				
Direct				
Head Start	93.600	04CH3269/43&44	5,297,928	
ARRA - Head Start Recovery	93.708	04SE3269 & 04SH3269	635,081	
ARRA - Early Head Start	93.709	04SA3269/01	765,556	
Total United States Department of Health & Human Services			<u>6,698,565</u>	
CORPORATION FOR NATIONAL & COMMUNITY SERVICE				
Indirect				
Florida Department of Education:				
Learn & Serve America - School & Community-Based Programs	94.004	234	13,297	
Total Corporation for National & Community Service			<u>13,297</u>	
UNITED STATES DEPARTMENT OF DEFENSE				
Direct				
Army Reserve Officers Training Corps	None	N/A	975,012	
Total United States Department of Defense			<u>975,012</u>	
TOTAL EXPENDITURES			<u>\$ 113,439,385</u>	<u>\$ 710,060</u>

See accompanying notes to schedule of expenditures of federal awards.

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

1. Summary of Significant Accounting Policies

Basis of Presentation - The Schedule of Expenditures of Federal Awards represents amounts expended from Federal Programs, during the 2009-2010 fiscal year, as determined based on the modified accrual basis of accounting. The amounts reported on the Schedule have been reconciled to and are in material agreement with amounts recorded in the District's accounting records from which the basic financial statements have been reported.

2. Noncash Assistance

The amount reported for National School Lunch Program represents the donated food used during the year ended June 30, 2010. Commodities are valued at fair market value as determined at the time of donation.

3. Contingency

The grant revenue amounts received are subject to audit. If expenditures were disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the School District of Lee County, Florida. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.

**The School District of Lee County, Florida
Schedule of Findings and Questioned Costs
Year Ended June 30, 2010**

Part I - Summary of Audit Results

1. The auditors' report on the financial statements expresses unqualified opinions.
2. One significant deficiency and no material weaknesses relating to the audit of the financial statements are reported in the Independent Auditors' 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*.
3. No instances of noncompliance material to the financial statements of the District were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal awards programs are reported in the Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for the District expresses an unqualified opinion.
6. The programs tested as major programs were:

<u>Name of Program</u>	<u>CFDA #</u>
Title I, Part A Cluster:	
Title I Grants to Local Education Agencies	84.010
Title I Grants to Local Educational Agencies - Recovery Act	84.389
State Fiscal Stabilization Fund Cluster	
Education State Grants - Recovery Act	84.394
Government Services - Recovery Act	84.397
Head Start Cluster	
Head Start	93.600
Head Start - Recovery Act	93.708
Early Head Start - Recovery Act	93.709
Special Education Cluster:	
Grants to States	84.027
Preschool Grants	84.173
Grants to States – Recovery Act	84.391
Preschool Grants - Recovery Act	84.392

The threshold for distinguishing Types A and B programs was \$3,000,000.

The District was determined to be a low risk auditee.

The School District of Lee County, Florida
Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2010

Part II – Financial Statement Findings

Significant Deficiency:

Finding 2010-1

Compensated Absences

Criteria: Compensated absences should reflect the District's actual liability as of the fiscal year end for all employees of the District.

Condition: Employees who were not active employees at the district during FY10 were included in the compensated absences liability balance.

Cause: In the prior years, data was transferred from the Legacy system into a manually kept spreadsheet to calculate compensated absences. This process was separate from the payroll process which required changes to be made in the compensated absences for any changes made in the payroll system. When the information was input into the PeopleSoft payroll module during the fiscal year, employees that should have been removed were improperly included.

Effect: The government wide financial statements showed a liability balance that was over-stated by \$889,847 in the current year. The District made an adjustment to compensated absences deletions in the current year for this amount.

Recommendation: CBH recommends that the compensated absences process be integrated into the PeopleSoft system to ensure that when employees are terminated in the payroll module, their associated liabilities are also removed from the system.

Managements' Response: Management recoded erroneous employees and corrected any other data entry errors in the PeopleSoft system. Going forward, the compensated absences module is integrated with the payroll process which will ensure that all data is simultaneously updated for changes and the process is automated to prevent manual processing errors.

Part III – Federal Award Finding and Questioned Costs

There were no findings required to be reported in accordance with Circular A-133 section .510.

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
Summary Schedule of Prior Audit Findings – Federal Awards
Year Ended June 30, 2010

Financial Statement Finding:

Finding No. 1: Financial Reporting / Property Taxes (Summary)

Condition and Criteria: Property tax revenues should be recognized net of uncollectible amounts in accordance with GASB No. 33 *Accounting and Financial Reporting for Nonexchange Transactions*. In June 30, 2008, the District recorded \$18,877,744 of delinquent property taxes receivable in the Statement of Net Assets. The District was aware that this receivable was not collectible prior to the issuance of the financial statements for the period ended June 30, 2008 but the entry to reduce the receivable was not recorded. The property tax receivable of \$18,877,744 that was delinquent and not collectible was subsequently written off in the period ended June 30, 2009.

Recommendation: The District should recognize receivables net of uncollectible amounts in accordance with GASB 33.

Current status: Resolved. The District has recognized as revenue only those taxes that the Tax Collector has collected, but not distributed to the District as of June 30, 2010.



Independent Auditors' Management Letter

The Honorable Members of the School Board
The School District of Lee County, Florida
Fort Myers, Florida

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 District School Board of Lee County, Florida (the "District") as of and for the year ended June 30, 2010, and have issued our report thereon dated December 13, 2010. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the charter schools, reported as discretely presented component units, these financial statements were audited by other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Report on Internal Control over Financial Reporting and on Compliance and Other Matters, Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated December 13, 2010, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.800, Rules of the Auditor General, which govern the conduct of district school board audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports or schedule.

Section 10.804(1)(f)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

Section 10.804(1)(f)2., Rules of the Auditor General, requires a statement be included as to whether or not the district school board has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, the results of our tests did not indicate that the District met any of the conditions described in Section 218.503(1), Florida Statutes. However, our audit does not provide a legal determination of the District's compliance with this requirement.

Section 10.804(1)(f)3., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, the results of our tests did not indicate that the District was in noncompliance with Section 218.415 regarding the investment of public funds. However, our audit was not directed toward obtaining knowledge regarding the District's compliance with this requirement.

Section 10.804(1)(f)4., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such findings.

Section 10.804(1)(f)5., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential.

Section 10.804(1)(f)6., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statement considering both quantitative and qualitative factors: (a) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (b) control deficiencies that are not significant deficiencies.

Pursuant to Sections 10.804(1)(f)7.a. and 10.805(6), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by the same.

We wish to thank the District's finance and accounting personnel and other involved in the conduct of the audit for their courtesy and cooperation.

Pursuant to Chapter 119, Florida Statutes, this management letter is public record and its distribution is not limited. Auditing Standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, and the Florida Auditor General, applicable federal and state agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Cherry, Behart & Holland, L.L.P.

Tampa, Florida
December 13, 2010