

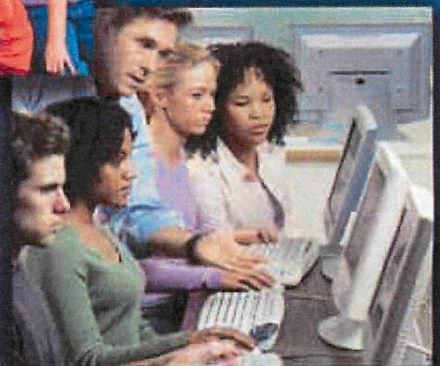
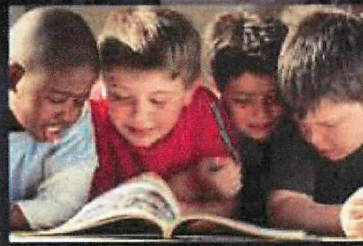
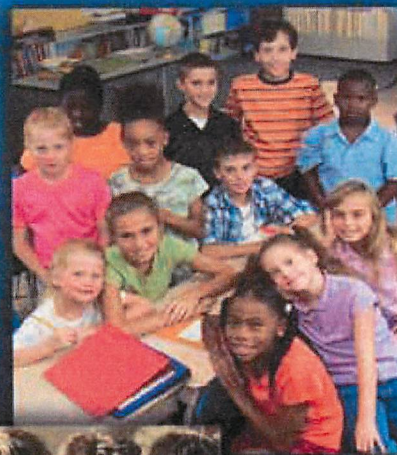
The School District of Lee County  
Fort Myers, Florida

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

For Year Ended June 30, 2011



VISION: TO BE A WORLD-CLASS SCHOOL SYSTEM



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The School District of Lee County  
Fort Myers, Florida

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**

**FOR  
FISCAL YEAR ENDED  
JUNE 30, 2011**

Prepared by:  
Financial Accounting Department

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR FISCAL YEAR ENDED JUNE 30, 2011**

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# INTRODUCTORY SECTION



# THE SCHOOL DISTRICT OF LEE COUNTY

2855 COLONIAL BLVD. • FORT MYERS, FLORIDA 33966-1102 • (239) 334-1102 • TTD/TTY (239) 335-1512

MARY FISCHER, M.A.  
CHAIRMAN, DISTRICT 1

JEANNE S. DOZIER  
VICE CHAIRMAN, DISTRICT 2

JANE E. KUCKEL, PH.D.  
DISTRICT 3

DON H. ARMSTRONG  
DISTRICT 4

THOMAS SCOTT  
DISTRICT 5

JOSEPH BURKE, ED.D.  
SUPERINTENDENT

KEITH B. MARTIN, ESQ.  
BOARD ATTORNEY

December 19, 2011

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, 2011.

This report consists of management's representations concerning the finances of the District. 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 Florida Auditor General conducted the audit for the fiscal year ended June 30, 2011. 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, 2011, 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, 2011. 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 Federal Reports and Schedules section of this report.

GAAP require 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 2011 is 625,310 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 Board. 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 12<sup>th</sup> grade, basic and enrichment programs, and exceptional student education. The District also provides vocational and adult programs.

During the 2010-11 fiscal year, the District operated 96 schools and programs comprised of 48 elementary schools, 16 middle schools, 13 high schools, 19 specialized schools and programs, and reported 80,825 unweighted full-time equivalent students. The District does not plan to open any new schools in the 2011-12 fiscal year. In addition, the District sponsored 16 charter schools that are component units of the District and plans to sponsor four additional charter schools during the 2011-12 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 less than 1 percent. The County's population has increased from 454,918 in 2001 to 625,310 in 2011, an increase of 37.5 percent. This compares to an 15.6 percent increase for Florida overall and a 9.2 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 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 1,500 students in 2010 and an additional 300 students in 2011. 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 90 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 11,575 full and part-time employees, including 4,965 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 2011 the District realized a net increase in student



population. State and District projections indicate that approximately 1,600 more students will be served in the next fiscal year. This growth is projected to increase the student population up to 6 percent each year bringing the estimated student population to approximately 82,500, 82,500 and 105,900 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 8 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, an additional \$40.5 million during fiscal year 2010 and an additional \$67.5 million during fiscal year 2011. 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 at the end of this fiscal year.

### *Capital Outlay Program*

During the current fiscal year, the District completed the renovation of one elementary school and one high school.

Over the next fiscal year, the District is planning to start major construction of one new elementary school and one new middle school. For the second fiscal year, the District is not planning to start any major construction.

## **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, 2010. This was the eighth 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 principles (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 Florida Auditor General's office. Each member of the Financial Accounting Department and the audit staff of the Florida Auditor General's office, 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 Board for their leadership and support in planning and conducting the financial operations of the District.

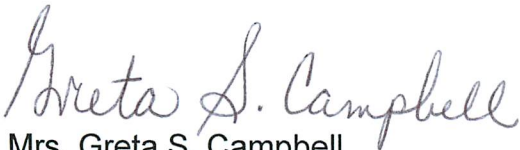
Respectfully submitted,

A handwritten signature in blue ink that reads "Joseph P. Burke". The signature is written in a cursive style with a large, sweeping initial "J".

Dr. Joseph Burke  
Superintendent

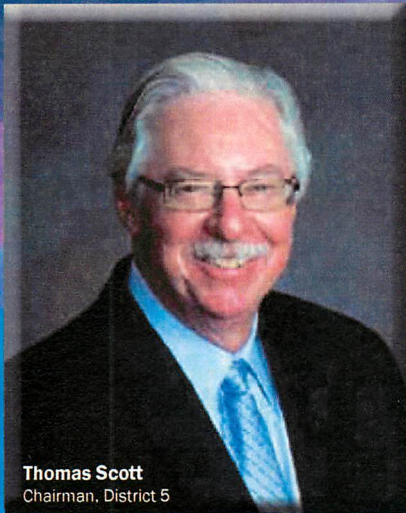
A handwritten signature in blue ink that reads "Alberto Rodriguez". The signature is written in a cursive style with a large, sweeping initial "A".

Dr. Alberto Rodriguez  
Chief Administrative Officer

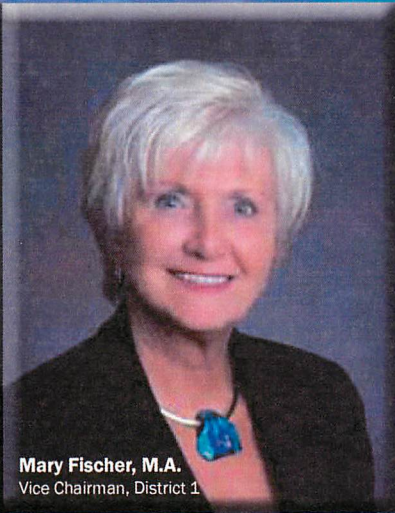
A handwritten signature in blue ink that reads "Greta S. Campbell". The signature is written in a cursive style with a large, sweeping initial "G".

Mrs. Greta S. Campbell  
Executive Director of Financial Services





**Thomas Scott**  
Chairman, District 5



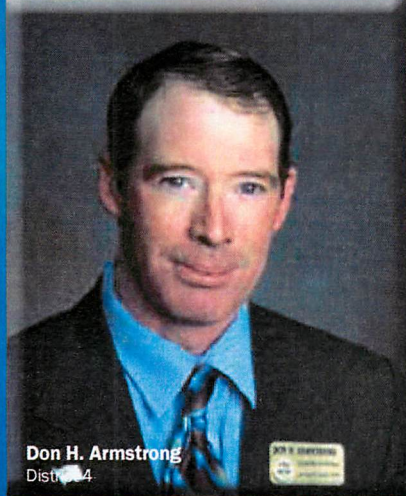
**Mary Fischer, M.A.**  
Vice Chairman, District 1



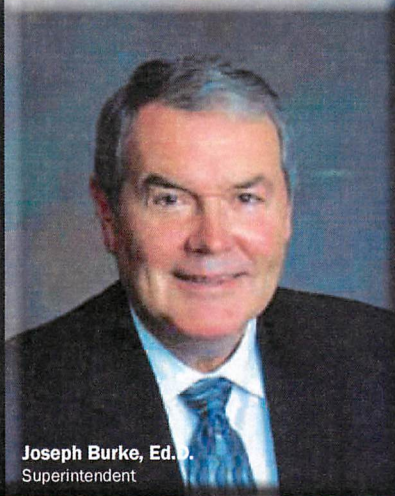
**Jeanne S. Dozier**  
District 2



**Jane E. Kuckel, Ph.D.**  
District 3



**Don H. Armstrong**  
District 4



**Joseph Burke, Ed. D.**  
Superintendent



**THE SCHOOL DISTRICT OF LEE COUNTY**

2855 Colonial Boulevard  
Fort Myers, FL 33966-1012  
239.334.1102

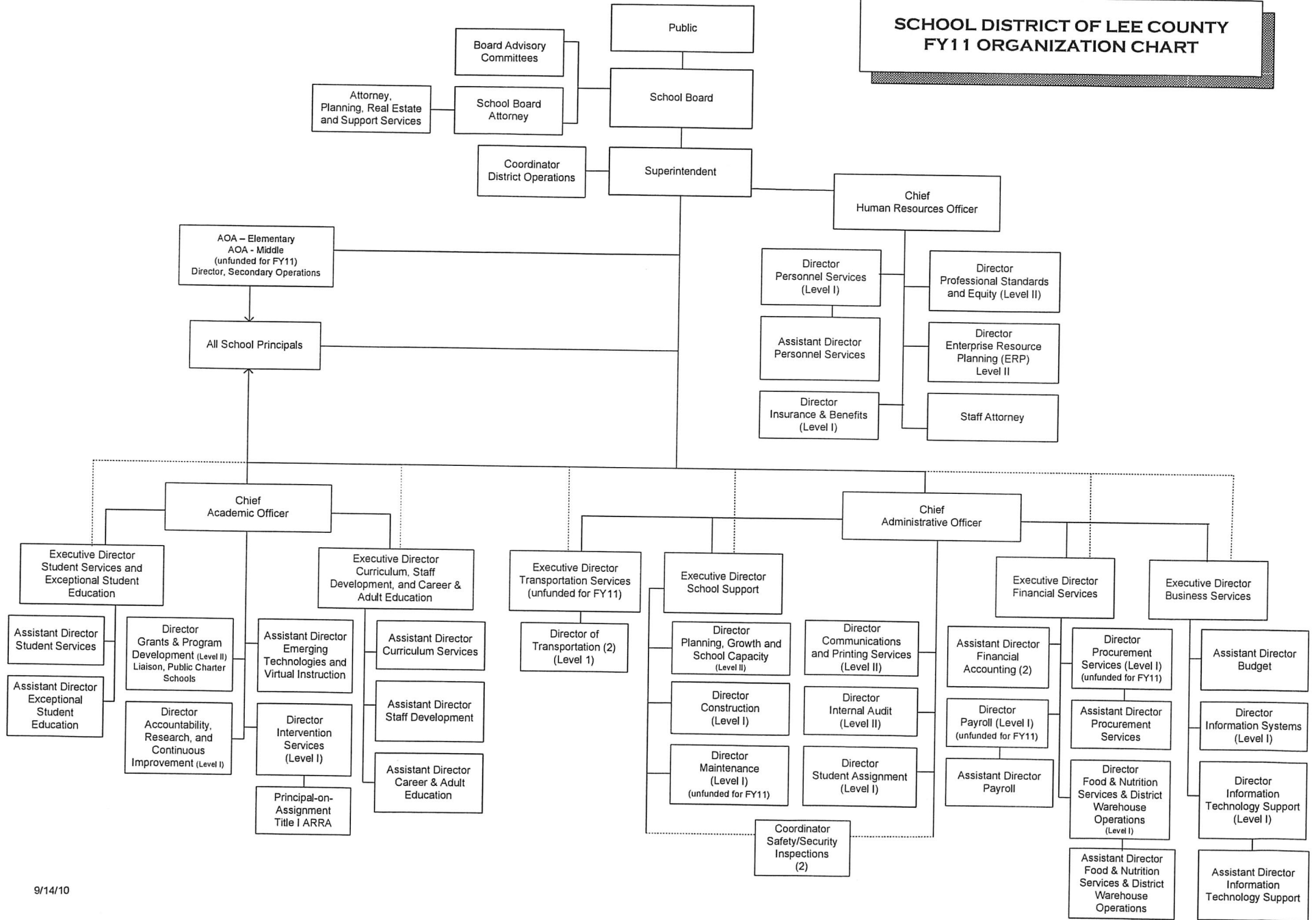
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**THE DISTRICT SCHOOL BOARD OF LEE COUNTY, FLORIDA  
SUPERINTENDENT AND PRINCIPAL DISTRICT OFFICIALS**

Dr. Joseph Burke	Superintendent
Dr. Constance Jones	Chief Academic Officer Academic Services
Dr. Alberto Rodriguez	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
Ms. Jackie Turner	Director Student Services
Mr. Michael Bursztyn	Director Exceptional Student Education
Ms. Patti Elkin	Director Curriculum, Quality and Staff Development
Mrs. Greta S. 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
Ms. Susan Malay	Assistant Director Procurement Services
Mrs. Rebecca Decker	Assistant Director Payroll
Mr. Dwayne Alton	Director Information Technology Support

# SCHOOL DISTRICT OF LEE COUNTY FY11 ORGANIZATION CHART



**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, 2010**

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, 2010

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.



President

Executive Director

# FINANCIAL SECTION



DAVID W. MARTIN, CPA  
AUDITOR GENERAL

# AUDITOR GENERAL STATE OF FLORIDA

G74 Claude Pepper Building  
111 West Madison Street  
Tallahassee, Florida 32399-1450



PHONE: 850-488-5534  
FAX: 850-488-6975

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

## INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

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 Lee County District School Board, as of and for the fiscal year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit, and the reports of the other auditors, provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the 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 for the Lee County District School Board as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the general

and major special revenue fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

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

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS, SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS, and SCHEDULE OF EMPLOYER CONTRIBUTIONS - OTHER POSTEMPLOYMENT BENEFITS**, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Also, the accompanying **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** is presented for purposes of additional analysis as required by the United States 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The combining and individual fund financial statements and schedules, and **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**, have been subjected to the auditing procedures applied in

the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the reports of other auditors, the combining and individual fund financial statements and schedules, and **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and the statistical section 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.

Respectfully submitted,



David W. Martin, CPA  
December 16, 2011  
Audit Report No. 2012-059

## 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, 2011. 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 \$1,241,253,728 at fiscal year ending June 30, 2011.
- Net assets of the District decreased by \$508,556, in comparison to the 2009-10 fiscal year.
- The District's Government-wide revenues totaled \$830,288,872, comprised of general revenues of \$778,381,686 or 93.7 percent of the total revenues, program specific revenues from charges for services, operating grants and contributions, and capital grants and contributions, totaling \$51,907,186 or 6.3 percent of the total revenues.
- Expenses incurred by the District totaled \$830,797,428 for governmental related activities. Program specific revenues offset these expenses by \$51,907,186, and general revenues funded the difference.
- The District's governmental funds reported combined ending balances of \$427,670,627 or an increase of \$24,162,955 or 6 percent in 2010-11 fiscal year in comparison with the prior fiscal year.
- The unassigned fund balance of the General Fund representing the net current financial resources available for general appropriation by the Board, totaled \$87,579,373, at June 30, 2011, or 14.8 percent of total General Fund expenditures.
- The General Fund total fund balance as of June 30, 2011, totaled \$165,586,422, a 23.9 percent increase in comparison to the 2009-10 fiscal year total of \$133,667,969. The increase in total fund balance of the General Fund is mainly attributed to the increase in state grants revenues of \$29,487,345.



## 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, for self-insurance.
- The *Fiduciary Funds Statement* 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-1

### Organization of the District's Comprehensive Annual Financial Report

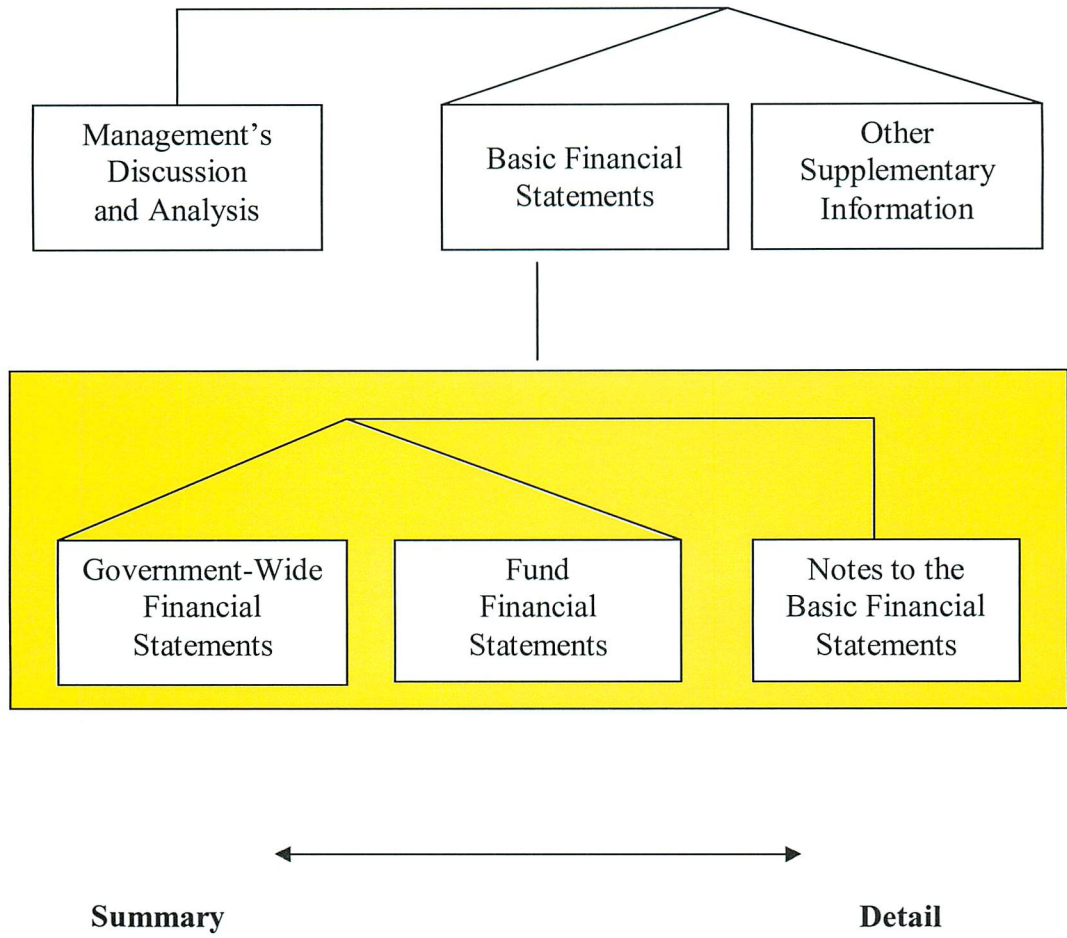


Figure A-2 summarizes the major features of the District’s Basic Financial Statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of Management’s Discussion and Analysis highlights the structure and contents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

Figure A-2

**Major Features of the Government-wide and Fund Financial Statements**

	<b>Government-wide Statements</b>	<b>Fund Financial Statements</b>		
		<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
<b>Scope</b>	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.
<b>Required Financial Statements</b>	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
<b>Accounting basis and measurement focus</b>	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.
<b>Type of asset/liability information</b>	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.
<b>Type of in-flow/out-flow information</b>	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 nonfinancial 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 17 other entities in its report – The Foundation for Lee County Public Schools, Inc., Bonita Springs Preparatory and Fitness Academy, Inc., Bonita Springs Charter School, Cape Coral Charter School, Coronado High School, Fort Myers Preparatory and Fitness Academy, Inc., Gateway Charter School, Gateway Intermediate Charter School, Gateway Charter High School, Goodwill L.I.F.E. Academy, The Island School, Inc., Lee Charter Academy, 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 Academy. 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 services, 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 self-insurance 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, 2011, than they were the previous fiscal year, as restated, decreasing \$0.5 million to \$1,241.3 million (see Figure A-3). By far, the largest portion of the District's net assets, \$896.7 million (72.2 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, \$233.7 million (18.8 percent), represents resources that are subject to external restrictions on how they may be used. The remaining net assets, \$110.9 million (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
	2010 (Restated)	2011	
Current and Other Assets	\$ 517.8	\$ 550.9	6.4%
Capital Assets	1,422.1	1,386.6	(2.5)%
Total Assets	<u>1,939.9</u>	<u>1,937.5</u>	(0.1)%
Long-Term Debt Outstanding	630.0	630.7	0.1%
Other Liabilities	68.1	65.5	(3.8)%
Total Liabilities	<u>698.1</u>	<u>696.2</u>	(0.3)%
Net Assets			
Invested in Capital Assets, net of related debt	903.5	896.7	(0.8)%
Restricted	278.4	233.7	(16.1)%
Unrestricted	59.9	110.9	85.1%
Total Net Assets	<u>\$ 1,241.8</u>	<u>\$ 1,241.3</u>	0.0%

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
- Increases in instructional costs.

**Changes in Net Assets.** The District's total revenue increased 1.0 percent to \$830.3 million (see Figure A-4). Property taxes, Florida Education Finance Program, and Other Federal and State sources, accounted for most of the District's revenue, contributing about 93 cents of every dollar raised (see Figure A-5). The remainder came from operating grants and contributions, capital grants and contributions, fees charged for services, investment earnings and other sources.

The total cost of all programs and services increased 0.1 percent to \$830.8 million. Ninety-one percent of the District's expenses are related to student instruction, student services, facilities services, transportation, operation of plant and maintenance of schools (see Figure A-6). The District's administrative activities, including school administration, accounted for 9 percent of total costs. The \$16.1 million increase in instructional costs was derived largely from salary increases and benefits, in this case for teachers and other educational staff.

Total expenses surpassed revenues, decreasing net assets \$0.5 million and contributing to the District's worsened financial condition.



Figure A-4

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

	Governmental Activities		Total Percentage Change
	2010 (Restated)	2011	
<i>Revenues</i>			
<i>Program Revenues</i>			
Charges for Services	\$ 15.3	\$ 15.5	1.3%
Operating Grants and Contributions	24.4	27.0	10.7%
Capital Grants and Contributions	7.3	9.5	30.1%
<i>General Revenues</i>			
Property Taxes	495.2	453.1	(8.5)%
Florida Education Finance Program	55.8	80.3	43.9%
Other Federal Sources	92.3	117.4	27.2%
Other State Sources	110.4	115.3	4.4%
Other Local Sources	15.9	8.8	(44.7)%
Investment Earnings	5.5	3.4	(38.2)%
Total Revenues	822.1	830.3	1.0%
<i>Expenses</i>			
Instruction	417.1	433.2	3.9%
Pupil Personnel Services	26.7	27.0	1.1%
Instructional Media Services	4.8	4.3	(10.4)%
Instruction & Curriculum Development Services	13.4	12.9	(3.7)%
Instructional Staff Training Services	11.2	11.2	0.0%
Instructional Related Technology	4.6	4.6	0.0%
Board	0.8	0.8	0.0%
General Administration	4.2	4.8	14.3%
School Administration	41.4	42.4	2.4%
Facilities Services	106.8	90.7	(15.1)%
Fiscal Services	3.7	3.6	(2.7)%
Food Services	27.6	29.4	6.5%
Central Services	9.1	8.1	(11.0)%
Pupil Transportation Services	46.1	47.5	3.0%
Operation of Plant	64.9	63.9	(1.5)%
Maintenance of Plant	15.4	15.0	(2.6)%
Administrative Technology Services	4.8	5.4	12.5%
Community Services	4.2	4.1	(2.4)%
Unallocated Interest on Long-Term Debt	23.2	21.9	(5.6)%
Total Expenses	830.0	830.8	0.1%
Increase in Net Assets	(7.9)	(0.5)	93.7%
Net Assets, Beginning, Restated	1,249.7	1,241.8	(0.6)%
Net Assets, Ending	\$ 1,241.8	\$ 1,241.3	0.0%

Figure A-5

### Sources of Revenues for Fiscal Year 2011

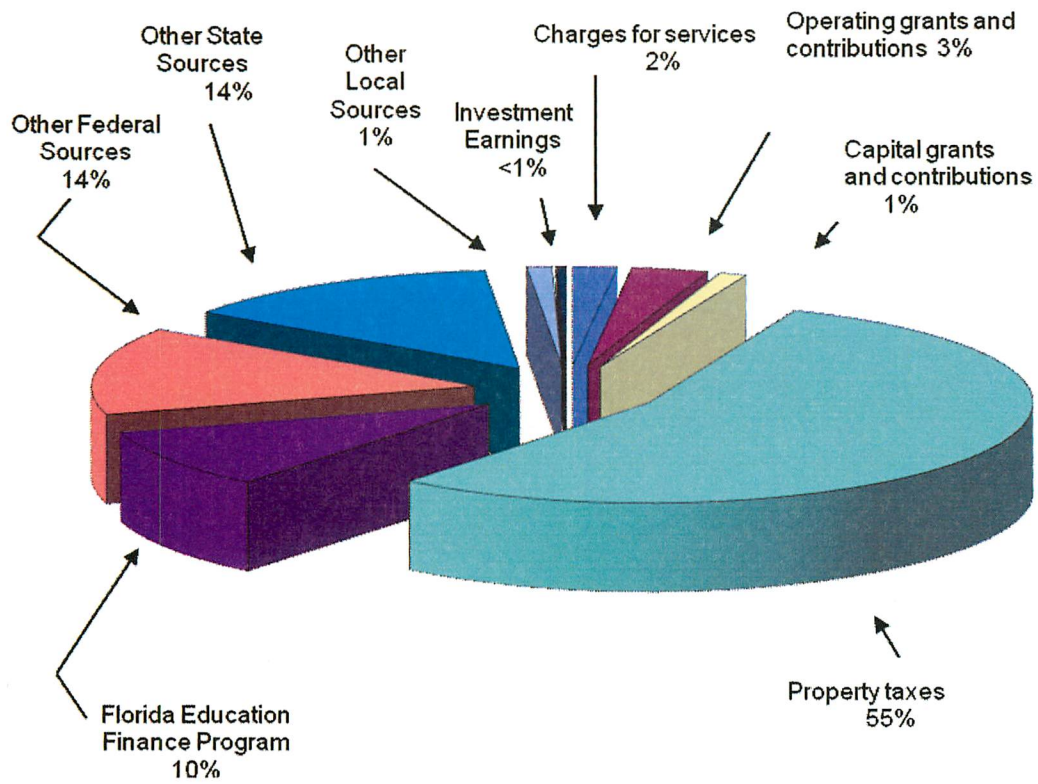
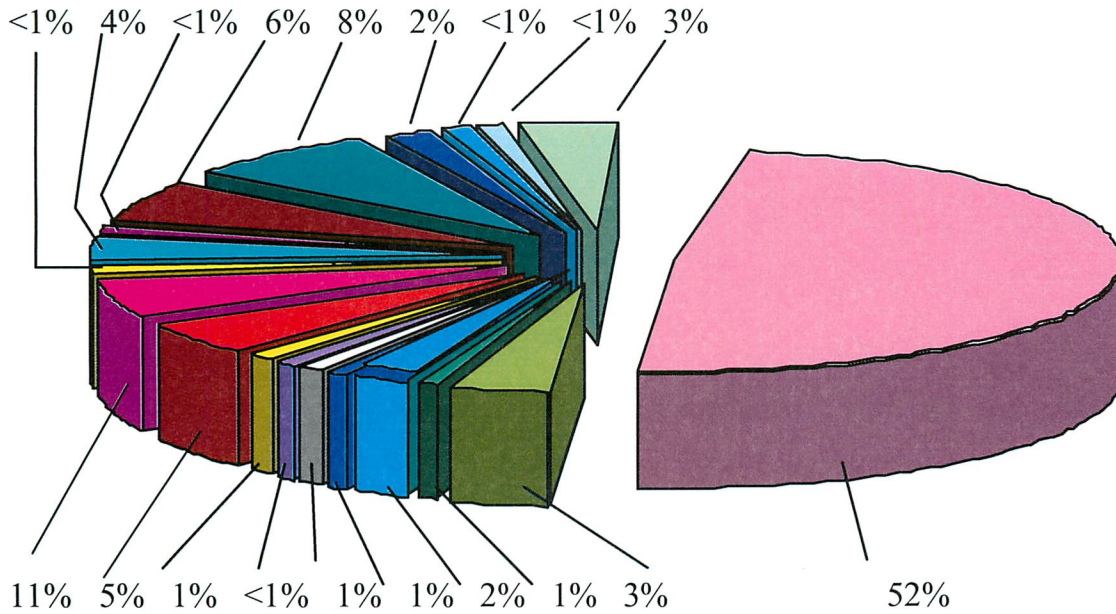


Figure A-6

Expenses for Fiscal Year 2011



- Instruction - 52%
- 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 - 11%
- Fiscal Services - <1%
- Food Services - 4%
- Central Services - <1%
- Pupil Transportation Services - 6%
- Operation of Plant - 8%
- Maintenance of Plant - 2%
- Administrative Technology Services - <1%
- Community Services - <1%
- Unallocated Interest on Long-Term Debt - 3%

## Governmental Activities

Revenues for the District's governmental activities increased 1.0 percent, while expenses increased 0.1 percent. The decrease in net assets for governmental activities was \$0.5 million in 2011. The major impacts to revenue were the reduction in the net taxable assessed value from \$48,106,581 to \$41,886,554,768. This reduction in the net assessed taxable value was the major cause in the reduction of \$42,110,431 in ad valorem taxes collections. These ad valorem taxes reductions were substantially offset by additional Federal source revenue from Race-to-the-Top and Education Jobs Funds.

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
	2010	2011	Change	2010	2011	Change
Instruction	\$ 417.1	433.2	3.9%	\$ (409.6)	\$ (425.0)	3.8%
Pupil Personnel Services	26.7	27.0	1.1%	(26.7)	(27.0)	1.1%
Instructional Media Services	4.8	4.3	(10.4)%	(4.8)	(4.3)	(10.4)%
Instruction & Curriculum Development Services	13.4	12.9	(3.7)%	(13.4)	(12.9)	(3.7)%
Instructional Staff Training Services	11.2	11.2	0.0%	(11.2)	(11.2)	0.0%
Instructional Related Technology	4.6	4.6	0.0%	(4.6)	(4.6)	0.0%
Board	0.8	0.8	0.0%	(0.8)	(0.8)	0.0%
General Administration	4.2	4.8	14.3%	(4.2)	(4.8)	14.3%
School Administration	41.4	42.4	2.4%	(41.4)	(42.4)	2.4%
Facilities Services	106.8	90.7	(15.1)%	(101.9)	(83.5)	(18.1)%
Fiscal Services	3.7	3.6	(2.7)%	(3.7)	(3.6)	(2.7)%
Food Services	27.6	29.4	6.5%	4.2	4.4	4.8%
Central Services	9.1	8.1	(11.0)%	(9.1)	(8.1)	(11.0)%
Pupil Transportation Services	46.1	47.5	3.0%	(45.6)	(47.0)	3.1%
Operation of Plant	64.9	63.9	(1.5)%	(64.9)	(63.9)	(1.5)%
Maintenance of Plant	15.4	15.0	(2.6)%	(15.4)	(15.0)	(2.6)%
Administrative Technology Services	4.8	5.4	12.5%	(4.8)	(5.4)	12.5%
Community Services	4.2	4.1	(2.4)%	(4.2)	(4.1)	(2.4)%
Unallocated Interest on Long-Term Debt	23.2	21.9	(5.6)%	(20.9)	(19.7)	(5.7)%
<b>Total</b>	<b>\$ 830.0</b>	<b>\$ 830.8</b>	<b>0.1%</b>	<b>\$ (783.0)</b>	<b>\$ (778.9)</b>	<b>(0.5)%</b>

The cost of all governmental activities this year was \$830.8 million.

Part of the cost was financed by the users of the District's programs (\$15.5 million).

The Federal and State governments subsidized certain programs with grants and contributions (\$36.5 million).

However, most of the District's costs (\$778.9 million) were financed by District and State taxpayers. This portion of governmental activities was financed with \$453.1 million from property taxes and \$325.3 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. As the District completed the fiscal year, its governmental funds reported combined fund balances of \$427.7 million, which is above last year's ending fund balances of \$403.5 million. Unassigned fund balance of \$87.6 million represents 20.5 percent of the ending fund balances and is available to meet the District's short-term spending needs. The remainder of fund balance is reserved to indicate that it is not available for new spending, because it is: 1) to liquidate inventory of \$2.0 million; 2) restricted by Federal and State statute of \$268.2 million; and 3) assigned for State and Local programs and capital projects of \$70 million.

Six of the twelve Governmental Funds had more revenue and other financing sources than expenditures and other financing uses in 2011, thereby contributing to the increase in total fund balance. Most significantly, \$26.8 million of capital outlays connected with construction remodeling and renovation of various schools were not expended in the current year. Many of these projects are ongoing and require multiple years to complete. Additionally, the General Fund contributed \$31.9 million because current year resources were not expended in the current year due to conservative spending. Some funds reflect deficits (\$42.1 million) between current year revenues and expenditures. These deficits occurred because prior year resources were used to finance current year expenditures.

The *General Fund* is the District's chief operating fund. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$87.6 million, while total fund balance reached \$165.6 million. During the current fiscal year, the fund balance of the General Fund increased by \$31.9 million. A key factor in this increase was a \$29.5 increase in State grant revenue.

The *Special Revenue Fund Federal Economic Stimulus* 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 funding. Because grant revenues are not recognized until expenditures are incurred, this fund generally does not accumulate a fund balance.

The *Debt Service Fund Certificates of Participation* 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 restricted fund balance at the end of fiscal year 2011 was \$0.2 million, the same as the prior fiscal year.

The *Debt Service Fund ARRA Economic Stimulus* is used to account for the resources accumulated and payments made for principal, interest, and related costs on the long-term Qualified School Construction Bond (QSCB). The restricted fund balance at the end of fiscal year 2011 was \$0.006 million. This is the first year for the fund.

The *Capital Projects Fund Local Capital Improvement Tax* 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, 2011, the total fund balance was \$125 million, a decrease of \$39.9 million from the prior fiscal year. The reason for this decrease is due to prior year resources being used to finance current year expenditures.

The *Capital Projects Fund Certificates of Participation/Impact Fees/State Grants* 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 \$90.2 million, an increase of \$2 million from the prior fiscal year. The primary reason for this change is due to conservative spending.

The *Capital Projects Fund ARRA Economic Stimulus* is used to account for the resources generated by a Federal Qualified School Construction Bond for new school construction projects. The total fund balance for this fund at the end of the first fiscal year was \$26.8 million.

### **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 and changes in local revenue sources, such as interest and indirect cost revenue. The District budgets 96 percent of projected property tax revenues at the onset of each budget year, as required by law, and collections are generally higher. Revenue from interest income was greater than the final amended budget by \$1.7 million due to the unrecognized gain on fair market value of investments and \$1.4 million in other local sources due to the collection of a government rebate on telecommunications services.

#### ***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 decreased \$11.3 million from the original budget to the final amended budget to conserve funds.

- Although the District's final budget for the General Fund anticipated that expenditures would exceed revenues and other financing sources by approximately \$59.6 million, the actual results for the year show that revenues exceeded expenditures by \$31.9 million.

- The actual expenditures were \$86.2 million below budgeted levels. Actual expenditures for instruction were more than \$57.5 million below budgeted levels due to conservative spending at the schools.
- Actual expenditures for operation of plant were \$9.4 million below budgeted levels due to conservative spending.

## Capital Assets and Debt Administration

### Capital Assets

By the end of the 2011-11 fiscal year, the District had a net invested \$1,386.6 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 \$35.5 million, or 2.5 percent, from last year. Additions to land, buildings, land improvements, furniture, fixtures and equipment amounted to \$24.7 million for the fiscal year. Total depreciation expense for the year was \$52.3 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
	2010	2011	
Land	\$ 168.9	\$ 169.1	0.1%
Improvements Other Than Buildings	29.9	33.9	13.4%
Construction in Progress	12.3	3.7	(69.9)%
Buildings	1,132.8	1,106.1	(2.4)%
Furniture, Fixtures and Equipment	22.8	26.5	16.2%
Motor Vehicles	30.5	24.6	(19.3)%
Audio Visual Materials and Software	24.9	22.7	(8.8)%
<b>Total</b>	<b>\$ 1,422.1</b>	<b>\$ 1,386.6</b>	<b>(2.5)%</b>

The District's approved five-year Capital Outlay Plan includes three new schools over the next five years. The District's student enrollment has grown over the last several years – 2.7 percent since 2007 for a present enrollment of 80,825 students.

The District's capital projects budget shows spending another \$337.5 million in the 2011-12 fiscal year for capital projects, principally in two areas:

- 1) \$192.7 million to begin the construction of three new schools, to renovate four schools and to complete the construction of one new public safety training center.
- 2) \$17.9 million to continue the upgrade of technology equipment.



***Long-Term Debt***

At year-end, the District had \$533.3 million in COPS, SBE bonds, and Notes outstanding, a decrease of 0.4 percent from last fiscal 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>2010</u>	<u>2011</u>	
Certificates of Participation and Note Payables (financed with property taxes)	\$ 518.6	\$ 518.2	(0.1%)
State School Bonds (financed with specific taxes & fee revenues)	<u>16.6</u>	<u>15.1</u>	(9.0%)
<b>Total</b>	<b>\$ <u>535.2</u></b>	<b>\$ <u>533.3</u></b>	<b>(0.4%)</b>

During the fiscal year, the District issued \$27 million in QSCB bonds (classified as COPS), and \$21.7 million in old debt was refunded.

The District continues to retire its outstanding debt as it becomes due, retiring \$28 million of outstanding certificates of participation and bonds during the 2010-11 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 five 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 2010-11, revenue to the District through the FEFP declined due to the slowing of growth as well as state funding shortfalls. In fiscal year 2011-12, even though we are anticipating an increase in enrollment funding per student will drop by over \$700 per student, a 10 percent decrease.
- In fiscal year 2012, property values declined for the fourth year in a row. As a result, the millage rate has increased in each of the past three years. In fiscal year 2011-12, the Board can vote by super majority to levy up to .25 mills to supplement declining general fund revenue. Capital millage will increase from 1.25 mills to the maximum 1.50 mills.
- The total consolidated budget for the Lee County School District for fiscal year 2011-12 year is 7 percent less than the fiscal year 2010-11 amended budget. In fiscal year 2011-12, total FEFP revenues increased by 14 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 7 percent from 2009-10.
- The District faces several budgetary challenges for fiscal year 2011-12: class size compliance, temporary funding, and mid-year prorations.
  1. In fiscal year 2010-11 and proposed for fiscal year 2011-12, the District allocated resources to school to comply with the mandate to meet class sizes at the classroom level. In fiscal year 2010-11, there was assistance from the Federal government in the form of stimulus funds. These stimulus funds will not be available in fiscal year 2011-12 so there will be a reduction in District reserves in order to comply with the class size amendment. The legislation was amended to alter the mandate related to class size in regards to core classes and maximum students per classroom.
  2. In addition, in fiscal year 2010-11, the District had the benefit of a second year of federal 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. Due to growth and compliance with the class-size mandate, the District will construct one new elementary school and one new middle school, in fiscal year 2011-12 with a scheduled opening date of August 2012.

- 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 2011-2014) with annual re-openers during the 2011-2012 and 2012-2013 contract years. The parties agree to commence negotiations for a successor agreement no later than March 1, 2012.
  - The length of the TALC contract is two (2) years (fiscal year 2010-2011 and 2011-2012). The parties agree to commence negotiations for a successor agreement no later than March 1, 2012.

### **Contacting the District's Financial Management**

This Comprehensive 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, 2011**

	<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>
<b>ASSETS</b>			
Cash	\$ 27,304,478	\$ 13,268,112	\$ 40,572,590
Investments	501,422,505	-	501,422,505
Accounts Receivable	219,232	901,150	1,120,382
Deposits Receivable	-	399,246	399,246
Taxes Receivable	449,138	-	449,138
Due from Other Agencies	11,342,652	153,287	11,495,939
Due from Fiduciary Funds	-	32,872	32,872
Inventory	1,964,413	-	1,964,413
Prepaid Expenses	-	1,700,272	1,700,272
Capital Credits Receivable	7,162,702	-	7,162,702
Issuance Costs	233,142	-	233,142
<b>Restricted assets:</b>			
Cash with Fiscal Agent	300,000	-	300,000
<b>Noncurrent Assets:</b>			
Deferred outflow of Resources	480,450	-	480,450
<b>Capital assets:</b>			
Non-depreciable	172,755,259	-	172,755,259
Depreciable, net	<u>1,213,852,271</u>	<u>67,020,200</u>	<u>1,280,872,471</u>
<b>Total assets</b>	<u>1,937,486,242</u>	<u>83,475,139</u>	<u>2,020,961,381</u>
<b>Total assets</b>			
<b>LIABILITIES AND NET ASSETS</b>			
<b>LIABILITIES</b>			
Salaries and Wages Payable	9,142	52,150	61,292
Payroll Deductions and Withholdings	11,016,752	-	11,016,752
Accounts Payable	7,043,201	5,091,859	12,135,060
Construction Contracts Payable	423,150	-	423,150
Construction Contracts Payable - Retainage	956,780	-	956,780
Matured Principal and Interest Payable	35,585,483	-	35,585,483
Accrued Interest Payable	151,759	-	151,759
Deposits Payable	20,435	-	20,435
Unearned Revenue	10,257,677	1,237,186	11,494,863
Due to Other Agencies	100,914	8,470	109,384
<b>Noncurrent liabilities:</b>			
<b>Portion due within one year:</b>			
Notes Payable	858,439	194,687	1,053,126
Bonds Payable	1,585,000	-	1,585,000
Obligations under Capital Lease	-	1,397,872	1,397,872
Liability for Compensated Absences	4,530,455	-	4,530,455
Certificates of Participation Payable	22,135,600	-	22,135,600
Estimated Early Retirement Payable	30,000	-	30,000
Estimated Insurance Claims Payable	11,878,633	-	11,878,633
<b>Portion due after one year:</b>			
Notes Payable	6,908,520	111,884	7,020,404
Bonds Payable	13,478,679	-	13,478,679
Obligations under Capital Lease	-	73,274,029	73,274,029
Liability for Compensated Absences	54,406,530	-	54,406,530
Certificates of Participation Payable	487,823,710	-	487,823,710
Derivative Instruments-Hedging	480,450	-	480,450
Estimated Early Retirement Payable	1,250,000	-	1,250,000
Estimated Insurance Claims Payable	9,001,943	-	9,001,943
Postemployment Benefits Payable	<u>16,299,262</u>	<u>-</u>	<u>16,299,262</u>
<b>Total liabilities</b>	<u>696,232,514</u>	<u>81,368,137</u>	<u>777,600,651</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, net of related debt	896,693,252	(1,304,358)	895,388,894
<b>Restricted for:</b>			
State Required Carryover Programs	6,379,538	-	6,379,538
Debt Service	590,885	-	590,885
Capital Projects	211,207,915	97,972	211,305,887
Food Service	15,471,036	-	15,471,036
Other Purposes	-	2,702,497	2,702,497
<b>Unrestricted</b>	<u>110,911,102</u>	<u>610,791</u>	<u>111,521,893</u>
<b>Total net assets</b>	<u>\$ 1,241,253,728</u>	<u>\$ 2,106,902</u>	<u>\$ 1,243,360,630</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, 2011

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
<b>Governmental activities:</b>							
Instruction	\$ 433,180,316	\$ 8,229,276	\$ -	\$ -	\$ (424,951,040)	\$ -	\$ (424,951,040)
Pupil Personnel Services	27,024,831	-	-	-	(27,024,831)	-	(27,024,831)
Instructional Media Services	4,318,165	-	-	-	(4,318,165)	-	(4,318,165)
Instruction and Curriculum Development Services	12,894,502	-	-	-	(12,894,502)	-	(12,894,502)
Instructional Staff Training Services	11,204,173	-	-	-	(11,204,173)	-	(11,204,173)
Instruction Related Technology	4,658,335	-	-	-	(4,658,335)	-	(4,658,335)
Board	787,388	-	-	-	(787,388)	-	(787,388)
General Administration	4,763,156	-	-	-	(4,763,156)	-	(4,763,156)
School Administration	42,405,924	-	-	-	(42,405,924)	-	(42,405,924)
Facilities Services	90,701,253	-	-	7,208,114	(83,493,139)	-	(83,493,139)
Fiscal Services	3,580,452	-	-	-	(3,580,452)	-	(3,580,452)
Food Services	29,423,128	6,779,082	26,990,829	-	4,346,783	-	4,346,783
Central Services	8,087,084	-	-	-	(8,087,084)	-	(8,087,084)
Pupil Transportation Services	47,477,640	446,533	-	-	(47,031,107)	-	(47,031,107)
Operation of Plant	63,872,675	-	-	-	(63,872,675)	-	(63,872,675)
Maintenance of Plant	14,989,305	-	-	-	(14,989,305)	-	(14,989,305)
Administrative Technology Services	5,378,856	-	-	-	(5,378,856)	-	(5,378,856)
Community Services	4,139,953	-	-	-	(4,139,953)	-	(4,139,953)
Unallocated Interest and Fiscal Charges on Long-term Debt	21,910,292	-	-	2,253,352	(19,656,940)	-	(19,656,940)
<b>Total governmental activities</b>	<b>830,797,428</b>	<b>15,454,891</b>	<b>26,990,829</b>	<b>9,461,466</b>	<b>(778,890,242)</b>		<b>(778,890,242)</b>
<b>Total primary government</b>	<b>\$ 830,797,428</b>	<b>\$ 15,454,891</b>	<b>\$ 26,990,829</b>	<b>\$ 9,461,466</b>	<b>(778,890,242)</b>		<b>(778,890,242)</b>
<b>Component units:</b>							
Charter Schools/Foundation	\$ 61,531,092	\$ 1,075,000	\$ 3,860,709	\$ 3,164,781		(53,430,602)	(53,430,602)
<b>General Revenues:</b>							
<b>Taxes:</b>							
Property Taxes, Levied for Operational Purposes					383,037,327	-	383,037,327
Property Taxes, Levied for Capital Projects					70,064,384	-	70,064,384
Florida Education Finance Program					80,355,668	-	80,355,668
Other Federal Sources Not Restricted to Specific Programs					117,412,700	494,123	117,906,823
Other State Sources Not Restricted to Specific Programs					115,357,177	53,166,380	168,523,557
Other Miscellaneous Sources Not Restricted to Specific Programs					8,762,613	(515,443)	8,247,170
Unrestricted Investment Earnings					3,391,817	1,151,441	4,543,258
<b>Total General Revenues</b>					<b>778,381,686</b>	<b>54,296,501</b>	<b>832,678,187</b>
<b>Change in Net Assets</b>					<b>(508,556)</b>	<b>865,899</b>	<b>357,343</b>
<b>Net Assets - July 1, 2010</b>					<b>1,242,166,919</b>	<b>(73,477)</b>	<b>1,242,093,442</b>
<b>Prior Period Adjustment</b>					<b>(404,635)</b>	<b>1,314,480</b>	<b>909,845</b>
<b>Net Assets - July 1, 2010, Restated</b>					<b>1,241,762,284</b>	<b>1,241,003</b>	<b>1,243,003,287</b>
<b>Net Assets - June 30, 2011</b>					<b>\$ 1,241,253,728</b>	<b>\$ 2,106,902</b>	<b>\$ 1,243,360,630</b>

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, 2011**

	General Fund	Special Revenue Fund Federal Economic Stimulus	Debt Service Fund Certificates of Participation	Debt Service Fund ARRA Economic Stimulus	Capital Projects Fund Local Capital Improvement Tax	Capital Projects Fund Certificates of Participation/ Impact Fees/State Grants	Capital Projects Fund ARRA Economic Stimulus	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>									
Cash	\$ 3,959,359	\$ -	\$ -	\$ 6,369	\$ 6,357,107	\$ 6,214,117	\$ -	\$ 10,628,915	\$ 27,165,867
Investments	198,665,231		35,768,526		120,746,945	82,966,227	26,864,655	5,415,871	470,427,455
Accounts Receivable	189,628							29,604	219,232
Taxes Receivable	379,677				69,461				449,138
Due from Other Funds	4,140,724	36,853			600,640			255,509	5,033,726
Due from Other Agencies	1,466,365	2,405,198				1,772,986		5,665,570	11,310,119
Inventory	1,689,456							274,957	1,964,413
<b>Total Assets</b>	<b>\$ 210,490,440</b>	<b>\$ 2,442,051</b>	<b>\$ 35,768,526</b>	<b>6,369</b>	<b>\$ 127,774,153</b>	<b>\$ 90,953,330</b>	<b>\$ 26,864,655</b>	<b>\$ 22,270,426</b>	<b>\$ 516,569,950</b>
<b>LIABILITIES AND FUND BALANCES</b>									
Salaries and Wages Payable	\$ 9,142	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,142
Payroll Deductions and Withholdings	11,016,752								11,016,752
Accounts Payable	4,944,341	208,102			1,045,290	1,799	22,400	821,255	7,043,187
Matured COPS Payable			25,731,000						25,731,000
Matured Interest Payable			9,854,483						9,854,483
Construction Contracts Payable					423,150				423,150
Construction Contracts Payable - Retainage					710,224	12,624		233,932	956,780
Deposits Payable	19,124							1,311	20,435
Due to Other Agencies	94,856							6,058	100,914
Due to Other Funds	28,819,803	2,233,949			546,828	755,350		1,387,550	33,743,480
<b>Total Liabilities</b>	<b>44,904,018</b>	<b>2,442,051</b>	<b>35,585,483</b>	<b>-</b>	<b>2,725,492</b>	<b>769,773</b>	<b>22,400</b>	<b>2,450,106</b>	<b>88,899,323</b>
<b>Fund Balance</b>									
Nonspendable									
Inventory	1,689,456							274,957	1,964,413
Restricted for:									
State Required Carryover Programs	6,379,538								6,379,538
Debt Service			183,043	6,369				401,473	590,885
Capital Projects					125,048,661	90,183,557	26,842,255	4,247,811	246,322,284
Special Revenue								14,896,079	14,896,079
Assigned to:									
General Fund	69,938,055								69,938,055
Unassigned	87,579,373								87,579,373
<b>Total Fund Balances</b>	<b>165,586,422</b>	<b>-</b>	<b>183,043</b>	<b>6,369</b>	<b>125,048,661</b>	<b>90,183,557</b>	<b>26,842,255</b>	<b>19,820,320</b>	<b>427,670,627</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 210,490,440</b>	<b>\$ 2,442,051</b>	<b>\$ 35,768,526</b>	<b>\$ 6,369</b>	<b>\$ 127,774,153</b>	<b>\$ 90,953,330</b>	<b>\$ 26,864,655</b>	<b>\$ 22,270,426</b>	<b>\$ 516,569,950</b>

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, 2011**

**Total Fund Balance - Governmental Funds** **\$ 427,670,627**

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	1,837,918,276	
Accumulated depreciation	(451,310,747)	
	1,386,607,529	1,386,607,529

Deferred outflow of resources are reported as a result of changes in fair value of hedging derivative instruments in the statement of net assets. 480,450

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. 7,162,702

Debt issuance costs are not expensed in the government-wide statements, but are reported as deferred charges and amortized over the life of the debt. 233,142

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:

Accrued interest payable	(151,759)	
Bonds payable	(15,063,679)	
Certificates of participation payable	(510,439,760)	
Notes payable	(7,766,959)	
Estimated insurance claims payable	(20,880,576)	
Liability for compensated absences	(58,936,985)	
Estimated early retirement payable	(1,280,000)	
Postemployment benefits payable	(16,299,262)	
Subtotal, long-term liabilities	(630,818,980)	(630,818,980)

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 \$28,946,033. This includes \$91,649 in compensated absences and \$20,880,576 in estimated unpaid claims included above. The net amount is as follows:

49,918,258

**Total net assets - governmental activities** **\$ 1,241,253,728**

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, 2011**

	General Fund	Special Revenue Fund Federal Economic Stimulus	Debt Service Fund Certificates of Participation	Debt Service Fund ARRA Economic Stimulus	Capital Projects Fund Local Capital Improvement Tax	Capital Projects Fund Certificates of Participation/Impact Fees/State Grants	Capital Projects Fund ARRA Economic Stimulus	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>									
Federal Direct Sources	\$ 1,109,960	\$ 2,198,884	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,747,263	\$ 11,056,107
Federal Through State Sources	2,057,558	65,331,575	-	-	-	-	-	65,438,362	132,827,495
State Sources	191,062,448	-	-	-	-	4,914,309	-	6,936,840	202,913,597
<b>Local Sources</b>									
Taxes	383,037,327	-	-	-	70,064,384	-	-	-	453,101,711
Food Service Sales	-	-	-	-	-	-	-	6,779,082	6,779,082
Impact Fees	-	-	-	-	-	2,780,641	-	-	2,780,641
Miscellaneous	19,001,721	-	954	-	487,741	481,873	4,205	37,303	20,013,797
<b>Total Revenues</b>	<b>596,269,014</b>	<b>67,530,459</b>	<b>954</b>	<b>-</b>	<b>70,552,125</b>	<b>8,176,823</b>	<b>4,205</b>	<b>86,938,850</b>	<b>829,472,430</b>
<b>EXPENDITURES</b>									
<b>Current</b>									
Instruction	368,203,953	41,351,046	-	-	-	-	-	27,050,402	436,605,401
Pupil Personnel Services	15,623,965	7,203,655	-	-	-	-	-	4,420,053	27,247,673
Instructional Media Services	4,206,729	-	-	-	-	-	-	80,656	4,287,385
Instruction and Curriculum Development Services	5,297,004	1,039,333	-	-	-	-	-	6,837,429	13,173,766
Instructional Staff Training Services	3,173,711	3,949,981	-	-	-	-	-	4,187,454	11,311,146
Instruction Related Technology	4,663,130	-	-	-	-	-	-	-	4,663,130
Board	782,944	-	-	-	-	-	-	10,895	793,839
General Administration	2,511,717	918,986	-	-	-	-	-	1,438,912	4,869,615
School Administration	32,275,378	10,316,584	-	-	-	-	-	108,242	42,700,204
Facilities Services	8,528,399	25,218	-	-	32,652,828	668,814	-	1,332,993	43,208,252
Fiscal Services	3,642,306	-	-	-	-	-	-	19,996	3,662,302
Food Service	-	-	-	-	-	-	-	29,239,256	29,239,256
Central Services	7,664,561	126,606	-	-	-	-	-	281,761	8,072,928
Pupil Transportation Services	46,913,728	277,652	-	-	-	-	-	244,150	47,435,530
Operation of Plant	63,803,118	18,584	-	-	-	-	-	235,928	64,057,630
Maintenance of Plant	14,998,770	-	-	-	-	-	-	-	14,998,770
Administrative Technology Services	5,207,962	86,479	-	-	-	-	-	-	5,294,441
Community Services	3,994,310	-	-	-	-	-	-	85,925	4,080,235
<b>Capital Outlay</b>									
Facilities Acquisition and Construction	-	65,788	-	-	2,296,004	664,767	22,400	1,485,169	4,534,128
Other Capital Outlay	1,208,547	2,150,547	-	-	6,890,573	292,493	-	1,492,205	12,034,365
<b>Debt Service</b>									
Principal	-	-	26,531,604	-	-	-	-	1,515,000	28,046,604
Interest and Fiscal Charges	-	-	21,536,082	142,181	59,796	23,010	-	788,673	22,549,742
<b>Total Expenditures</b>	<b>592,700,232</b>	<b>67,530,459</b>	<b>48,067,686</b>	<b>142,181</b>	<b>41,899,201</b>	<b>1,649,084</b>	<b>22,400</b>	<b>80,855,099</b>	<b>832,866,342</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>3,568,782</b>	<b>-</b>	<b>(48,066,732)</b>	<b>(142,181)</b>	<b>28,652,924</b>	<b>6,527,739</b>	<b>(18,195)</b>	<b>6,083,751</b>	<b>(3,393,912)</b>
<b>OTHER FINANCING SOURCES (USES)</b>									
Issuance of Refunding Bonds	-	-	-	-	-	-	-	310,000	310,000
Premium on Refunding Bonds	-	-	-	-	-	-	-	50,206	50,206
Certificates of Participation Issued	-	-	23,298,000	148,550	-	-	26,860,450	-	50,307,000
Loss Recoveries	454,093	-	-	-	-	-	-	-	454,093
Transfer In	27,895,578	-	47,970,568	-	-	17,691,818	-	-	93,557,964
Payments to Refunded COPS Escrow Agent	-	-	(23,202,928)	-	-	-	-	-	(23,202,928)
Payments to Refunded Bond Escrow Agent	-	-	-	-	-	-	-	(361,504)	(361,504)
Transfer Out	-	-	-	-	(68,524,300)	(22,232,120)	-	(2,801,544)	(93,557,964)
<b>Total Other Financing Sources (Uses)</b>	<b>28,349,671</b>	<b>-</b>	<b>48,065,640</b>	<b>148,550</b>	<b>(68,524,300)</b>	<b>(4,540,302)</b>	<b>26,860,450</b>	<b>(2,802,842)</b>	<b>27,556,867</b>
<b>Net Change in Fund Balance</b>	<b>31,918,453</b>	<b>-</b>	<b>(1,092)</b>	<b>6,369</b>	<b>(39,871,376)</b>	<b>1,987,437</b>	<b>26,842,255</b>	<b>3,280,909</b>	<b>24,162,955</b>
Fund Balance, Beginning	134,072,604	-	184,135	-	164,920,037	88,196,120	-	16,539,411	403,912,307
Prior Period Adjustment	(404,635)	-	-	-	-	-	-	-	(404,635)
Fund Balance, Beginning, Restated	133,667,969	-	184,135	-	164,920,037	88,196,120	-	16,539,411	403,507,672
<b>Fund Balance, Ending</b>	<b>\$ 165,586,422</b>	<b>\$ -</b>	<b>\$ 183,043</b>	<b>\$ 6,369</b>	<b>\$ 125,048,661</b>	<b>\$ 90,183,557</b>	<b>\$ 26,842,255</b>	<b>\$ 19,820,320</b>	<b>\$ 427,670,627</b>

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, 2011**

**Net change in fund balances- governmental funds** **\$ 24,162,955**

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	18,050,463	
Depreciation expense	<u>(52,279,849)</u>	(34,229,386)

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 undepreciated cost of the disposed assets. (1,285,984)

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, issuance costs, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities.

Debt proceeds	(50,667,205)	
Payment to escrow agent	23,564,432	
Deferred Issuance Costs	238,800	
Amortization-net	409,866	
Repayments	<u>28,046,604</u>	1,592,497

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. 487,622

The net change in the early retirement benefit program liability is reported in the government-wide statements, but not in the governmental fund statements. 3,000

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. This is the increase in accrued interest payable. (9,216)

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. 185,491

The net change in the liability for postemployment health benefits is reported in the government-wide statements, but not in the governmental fund statements. (3,524,499)

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 income of the internal service funds, of \$12,070,165 is reported with governmental activities. This includes \$38,799 in compensated absences included above. The net amount is as follows: 12,108,964

**Change in net assets of governmental activities** **\$ (508,556)**

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, 2011**

	General Fund			Variance with Final Budget - Under (Over)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<b>REVENUES</b>				
Federal Direct Sources	\$ 825,000	\$ 825,000	\$ 1,109,960	\$ (284,960)
Federal Through State Sources	1,500,000	1,500,000	2,057,558	(557,558)
State Sources	191,558,133	191,566,918	191,062,448	504,470
Local Sources				
Taxes	383,043,961	383,043,961	383,037,327	6,634
Miscellaneous	12,453,334	14,157,789	19,001,721	(4,843,932)
<b>Total Revenues</b>	<b>589,380,428</b>	<b>591,093,668</b>	<b>596,269,014</b>	<b>(5,175,346)</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	425,725,747	425,896,205	368,203,953	57,692,252
Pupil Personnel Services	22,905,691	16,338,130	15,623,965	714,165
Instructional Media Services	4,888,842	4,484,625	4,206,729	277,896
Instruction and Curriculum Development Services	5,838,330	5,461,654	5,297,004	164,650
Instructional Staff Training Services	3,777,061	4,034,800	3,173,711	861,089
Instruction Related Technology	4,621,600	4,696,306	4,663,130	33,176
Board	935,434	963,124	782,944	180,180
General Administration	2,690,904	3,064,035	2,511,717	552,318
School Administration	43,135,334	33,807,077	32,275,378	1,531,699
Facilities Services	10,806,983	10,477,859	8,528,399	1,949,460
Fiscal Services	3,668,654	3,739,461	3,642,306	97,155
Central Services	9,145,799	9,366,090	7,664,561	1,701,529
Pupil Transportation Services	48,979,389	49,606,281	46,913,728	2,692,553
Operation of Plant	73,071,389	73,214,547	63,803,118	9,411,429
Maintenance of Plant	15,600,849	15,954,652	14,998,770	955,882
Administrative Technology Services	5,414,556	5,733,424	5,207,962	525,462
Community Services	9,033,987	5,878,005	3,994,310	1,883,695
<b>Capital Outlay</b>				
Facilities Acquisition and Construction	-	28,425	-	28,425
Other Capital Outlay	-	6,172,709	1,208,547	4,964,162
<b>Total Expenditures</b>	<b>690,240,549</b>	<b>678,917,409</b>	<b>592,700,232</b>	<b>86,217,177</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(100,860,121)</b>	<b>(87,823,741)</b>	<b>3,568,782</b>	<b>(91,392,523)</b>
<b>OTHER FINANCING SOURCES</b>				
Loss Recoveries	32,167	320,059	454,093	(134,034)
Transfer In	25,173,953	27,895,580	27,895,578	2
<b>Total Other Financing Sources</b>	<b>25,206,120</b>	<b>28,215,639</b>	<b>28,349,671</b>	<b>(134,032)</b>
<b>Net Change in Fund Balance</b>	<b>(75,654,001)</b>	<b>(59,608,102)</b>	<b>31,918,453</b>	<b>(91,526,555)</b>
Fund Balance, Beginning	135,509,442	133,667,969	134,072,604	404,635
Prior Period Adjustment	-	-	(404,635)	(404,635)
Fund Balance, Beginning, Restated	135,509,442	133,667,969	133,667,969	-
<b>Fund Balance, Ending</b>	<b>\$ 59,855,441</b>	<b>\$ 74,059,867</b>	<b>\$ 165,586,422</b>	<b>\$ (91,526,555)</b>

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  
SPECIAL REVENUE FUND - FEDERAL ECONOMIC STIMULUS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Federal Economic Stimulus			Variance with Final Budget - Under (Over)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<b>REVENUES</b>				
Federal Direct Sources:				
Miscellaneous Federal Direct	\$ 721,114	\$ 2,486,658	\$ 2,198,884	\$ 287,774
Total Federal Direct Sources	<u>721,114</u>	<u>2,486,658</u>	<u>2,198,884</u>	<u>287,774</u>
Federal Through State Sources:				
Other Federal Through State Grants	49,886,505	68,542,075	65,331,575	3,210,500
Total Federal Through State Sources	<u>49,886,505</u>	<u>68,542,075</u>	<u>65,331,575</u>	<u>3,210,500</u>
<b>Total Revenues</b>	<u>50,607,619</u>	<u>71,028,733</u>	<u>67,530,459</u>	<u>3,498,274</u>
<b>EXPENDITURES</b>				
Current				
Instruction	40,326,400	41,852,964	41,351,046	501,918
Pupil Personnel Services	624,322	7,246,418	7,203,655	42,763
Instruction and Curriculum Development Services	442,529	1,069,585	1,039,333	30,252
Instructional Staff Training Services	8,230,823	6,250,510	3,949,981	2,300,529
General Administration	758,321	1,098,449	918,986	179,463
School Administration	2,095	10,319,471	10,316,584	2,887
Facilities Services	95,716	25,218	25,218	-
Food Service	6,376	-	-	-
Central Services	3,200	427,282	126,606	300,676
Pupil Transportation Services	14,349	283,141	277,652	5,489
Operation of Plant	21,410	23,592	18,584	5,008
Administrative Technology Services	82,078	151,322	86,479	64,843
Capital Outlay				
Facilities Acquisition and Construction	-	81,478	65,788	15,690
Other Capital Outlay	-	2,199,303	2,150,547	48,756
<b>Total Expenditures</b>	<u>50,607,619</u>	<u>71,028,733</u>	<u>67,530,459</u>	<u>3,498,274</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<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 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, 2011**

		<b>Governmental Activities- Internal Service Funds</b>
<hr/>		
<b>ASSETS</b>		
Current Assets		
Cash	\$	138,611
Investments		30,995,050
Due from Other Agencies		32,533
Due from Governmental Funds		28,709,754
Total Current Assets		<u>59,875,948</u>
Noncurrent Assets		
Restricted Cash with Fiscal Agent		300,000
Furniture, Fixtures and Equipment		1,498
Less Accumulated Depreciation		(1,498)
Total Noncurrent Assets		<u>300,000</u>
Total Assets		<u>60,175,948</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable		13
Unearned Revenue		10,257,677
Estimated Insurance Claims Payable		11,878,633
Liability for Compensated Absences		91,649
Total Current Liabilities		<u>22,227,972</u>
Long-Term Liabilities		
Estimated Insurance Claims Payable		<u>9,001,943</u>
Total Liabilities		<u>31,229,915</u>
<b>NET ASSETS</b>		
Restricted Cash with Fiscal Agent		300,000
Unrestricted		<u>28,646,033</u>
Total Net Assets	\$	<u>28,946,033</u>

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, 2011**

	<b>Governmental Activities- Internal Service Funds</b>
<b>OPERATING REVENUES</b>	
Premium Revenue	\$ 87,556,842
Other Operating Revenues	<u>33,164</u>
Total Operating Revenues	<u>87,590,006</u>
<b>OPERATING EXPENSE</b>	
Salaries	398,035
Employee Benefits	133,140
Purchased Services	10,875,404
Insurance Claims	<u>64,205,712</u>
Total Operating Expenses	<u>75,612,291</u>
Operating Income	<u>11,977,715</u>
<b>NONOPERATING REVENUES</b>	
Interest Income	<u>92,450</u>
Total Nonoperating Revenues	<u>92,450</u>
Changes in Net Assets	12,070,165
Net Assets - July 1, 2010	<u>16,875,868</u>
Net Assets - June 30, 2011	<u><u>\$ 28,946,033</u></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, 2011**

		<b>Governmental Activities- Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Customers, Users and Participants	\$	68,778,376
Cash Payments to Suppliers for Goods and Services		(10,950,593)
Cash Payments to Employees for Services		(492,376)
Cash Payments for Insurance Claims		(65,020,346)
		(7,684,939)
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on Investments		92,450
		92,450
Net Cash Provided by Investing Activities		92,450
		92,450
Net Decrease in Cash and Cash Equivalents		(7,592,489)
		(7,592,489)
Cash and Cash Equivalents, Beginning		38,726,150
		38,726,150
Cash and Cash Equivalents, Ending	\$	31,133,661
 <b>Reconciliation of Operating Income to Net Cash Used by Operating Activities</b>		
Operating Income	\$	11,977,715
Adjustments to Reconcile Operating Income to Net Cash Used by Operating Activities:		
Change in Assets and Liabilities:		
Decrease in Unearned Revenue		(1,543,553)
Decrease in Accounts Receivable		20,277
Increase in Due from Other Agencies		(32,533)
Decrease in Restricted Cash with Fiscal Agent		10,000
Increase in Compensated Absences Payable		38,799
Decrease in Accounts Payable		(75,189)
Increase in Due from Governmental Funds		(17,265,821)
Decrease in Estimated Insurance Claims Payable		(814,634)
Total Adjustments		(19,662,654)
Net Cash Used by Operating Activities	\$	(7,684,939)

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, 2011**

	<b>Fiduciary Funds</b>
	<b>Agency Funds</b>
<b>ASSETS</b>	
Cash	\$ 704,216
Investments	5,689,743
Accounts Receivable	241,728
Inventory	400,389
Total Assets	\$ 7,036,076
<b>LIABILITIES</b>	
Accounts Payable and Other Current Liabilities	\$ 7,036,076
Total Liabilities	\$ 7,036,076

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, 2011

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES**

***Reporting Entity***

The District School Board of Lee County (Board) has direct responsibility for operation, control, and supervision of The School District of Lee County (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 (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 (GASB) *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 application of these criteria, District management has determined that the following five charter schools are not component units: Edison Collegiate High School, Oasis Elementary School, Oasis Middle School, Christa McAuliffe 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.

***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

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2011

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, 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 Springs Preparatory and Fitness Academy, Inc.* – The school's Charter was granted September 23, 2008, for a K-8 school. As of June 30, 2011, 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, 2011, 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, 2011, 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, 2011, the school was a grade 9-12 school. The school is located in Fort Myers, Florida.

*Fort Myers Preparatory and Fitness Academy, Inc.* – The school's Charter was granted October 23, 2007, for a K-8 school. As of June 30, 2011, the school was a grade K-8 school. The school is located in Fort Myers, Florida.

*Gateway Charter School* – The school's Charter was granted August 20, 2002, for a grade K-8 school. As of June 30, 2011, the school was a grade K-4 school. The school is located in Fort Myers, Florida.

*Gateway Intermediate Charter School* – The school's Charter was granted August 20, 2002, for a grade K-8 school. As of June 30, 2011, the school was a grade 5-8 school. The school is located in Fort Myers, Florida.

*Gateway Charter High School* – The school's Charter was granted October 21, 2003, for a grade 9-12 school. As of June 30, 2011, the school was a grade 9-12 school. The school is located in Fort Myers, Florida.

*Goodwill L.I.F.E. Academy* – The school's Charter was granted October 19, 2004, for a grade 9-12 school. As of June 30, 2011, the school was a grade 9-12 school. The school is located in Fort Myers, Florida.



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

June 30, 2011

*The Island School, Inc.* - The school's Charter was granted May 2, 2000, for a grade K-8 school. As of June 30, 2011, the school was a grade K-5 school. The school is located on Gasparilla Island in Boca Grande, Florida.

*Lee Charter Academy, Inc.* - The school's Charter was granted March 23, 2004, for a grade K-6 school. As of June 30, 2011, 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, 2011, 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, 2011, 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, 2011, 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, 2011, the school was a grade 9-12 school. The school is located in Fort Myers, Florida.

*Six Mile Charter Academy* - The school's Charter was granted August 10, 2004, for a grade K-8 school. As of June 30, 2011, 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 District is financially accountable.

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.

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2011

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 – Federal Economic Stimulus* 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* accounts for the resources accumulated and payments made for principal, interest, and related costs on the long-term Certificates of Participation.
- *Debt Service Fund – ARRA Economic Stimulus* accounts for the accumulation of resources for the payment of debt principal, interest and related costs on the Capital Project Fund - ARRA Economic Stimulus.
- *Capital Projects Fund – Local Capital Improvement Tax* 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* 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.
- *Capital Projects Fund – ARRA Economic Stimulus* includes Qualified School Construction Bonds. This fund is used for capital expenditures related to construction, renovation, and remodeling projects and are authorized by Federal law.

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.

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2011

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 (i.e.: sales tax) are recorded when the exchange transaction occurs. The District currently does not have any derived tax revenues. Imposed nonexchange transactions (i.e.: 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 (i.e.: Federal mandates, grants, and donations) are recorded when all eligibility requirements have been met.

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.

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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, and administrative expenses. 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. When committed, assigned, or unassigned resources are available for use in governmental funds it is the District's policy to use committed resources first, followed by assigned resources, and then unassigned 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.

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, 2011, 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.

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***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 (SBA) debt service accounts for investment of debt service moneys, and amounts placed for participation in the Florida PRIME and Fund B Surplus Funds Trust Fund investment pools created by Sections 218.405 and 218.417, Florida Statutes.

The District's investments in Florida PRIME, which the SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, as of June 30, 2011, 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 0.78965331 at June 30, 2011. The Fund B is not subject to participant withdrawal requests. Distributions from Fund B, as determined by the SBA, are effected by transferring eligible cash or securities to Florida PRIME, 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 Florida PRIME.

Investments made locally consist of money market funds and are reported at fair value.

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

***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 donated foods 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 non-spendable fund balance.

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***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. Debt premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable and Certificates of Participation are reported net of the applicable premium or 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 debt premiums and discounts, as well as debt 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.



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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. A liability for these amounts is reported in the governmental fund financial statements only if it has matured, such as for occurrences of employee resignations and retirements.

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 restrictions 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 five months following the date of the 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.

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The State provides financial assistance to administer certain 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 educational programs. The Department generally requires that educational program revenues be accounted for in the General Fund. For selected programs, funds received that are not expended at the fiscal year-end are carried forward into the following year to be expended for the same educational programs. A portion of the fund balance of the General Fund is restricted for the balance of these 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. The District also received a Charter School Capital Outlay appropriation.

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 2010 tax levy on September 14, 2010. 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. Millages and taxes levied for the current year are presented in a subsequent note.

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***Educational Impact Fees***

The District receives educational impact fees based on an ordinance adopted by the Board of County Commissioners of Lee County (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***

The GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) effective for reporting periods after June 15, 2010. The statement establishes fund balance classifications, provides for a hierarchy of spending constraints for spendable resources and requires disclosure of nonspendable and spendable resources. The District has disclosed information about fund balance reporting in a subsequent note.

**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, 2011, the carrying amount of the District's bank deposits was \$27,304,478 and the respective bank balances totaled \$35,159,405. As of June 30, 2011, the carrying amount of the Agency Fund's bank deposits was \$704,216.

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**2-B. Investments**

As of June 30, 2011, the District had the following investments and maturities:

Investment	Fair Value	Investment Maturities (in years)			
		6 Months	1 - 5	6 - 10	10 - 15
<b>Florida State Board of Administration</b>					
Florida PRIME (1)	\$ 457,804,559	\$ 457,804,559	\$ -	\$ -	\$ -
Fund B Surplus Funds Trust Fund (1)	7,594,624	-	-	7,594,624	-
First America Treasury Obligation Class					
Y Money Market Fund	26,846,697	26,846,697	-	-	-
US Bank Money Market 5 Fund	9,176,625	9,176,625	-	-	-
<b>Total Investment, Primary Government</b>	<b>501,422,505</b>	<b>493,827,881</b>	<b>-</b>	<b>7,594,624</b>	<b>-</b>
<b>Agency Fund</b>					
Florida PRIME	5,689,743	5,689,743	-	-	-
<b>Total Investments, Reporting Entity</b>	<b>\$ 507,112,248</b>	<b>\$ 499,517,624</b>	<b>\$ -</b>	<b>\$ 7,594,624</b>	<b>\$ -</b>

Note (1) At June 30, 2011, investments totaling \$52,414,839 are held under trust agreements in connection with Certificates of Participation, Series 2002A/B, 2004A/C, 2005A, 2006A, 2008A/B, 2009A, 2010A and 2011A financing agreements. (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.

**2-C. Investments – Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. 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 Florida PRIME 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 SBA 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 7.16 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, 2011.

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***2-D. Investments – Credit Risk***

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Section 218.415(17), Florida Statutes, limits investments to the 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 (Florida PRIME). Investments totaling \$463,494,302 Florida PRIME are rated AAAM by Standard and Poor's and are reported at fair value. Investments totaling \$7,594,624 in the SBA Fund B Surplus Funds Trust Fund 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, 2011, the District had investments in US Bank First American Treasury Obligation Class Y Money Market Funds with a fair value of \$26,846,697, which were rated AAAM by Standard and Poor's and US Bank Money Market 5 Fund with a fair value of \$9,176,625, 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.

***2-E. Investments – Custodial Credit Risk***

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. 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.

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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**

Concentration of credit risk is the risk of loss attributable to the magnitude of a District’s investment in a single issuer. 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, 2011, the District had a total of \$11,342,652 of Due From Other Agencies. \$9,617,867 is due from Federal, State and Local governments for various grant programs. Due from the County for impact fees was \$975,603. Finally, \$749,182 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.

**NOTE 4: CONSTRUCTION AND OTHER 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 6/30/2011	Balance Committed 6/30/2011
<b>Villas Elementary Addition</b>			
Contractor	\$ 1,500,000	\$ 1,500,000	\$ -
Others	1,048,602	702,000	346,602
<b>New Middle LL</b>			
Contractor	27,552,845	126,235	27,426,610
Others	2,735,645	443,772	2,291,873
<b>New ALC W</b>			
Contractor	1,217,082	357,310	859,772
Others	82,918	4,800	78,118
<b>Total</b>	<b>\$ 34,137,092</b>	<b>\$ 3,134,117</b>	<b>\$ 31,002,975</b>

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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 District uses encumbrance accounting for recording purchase order commitments. At June 30, 2011, the District has recorded \$20,792,470 in encumbrances as follows: \$2,785,561 for the General Fund; \$8,556,168 for the Capital Projects Fund – Local Capital Improvement Tax; \$3,072,397 for the Capital Projects Fund – Certificates of Participation/Impact Fees/State Grants; \$6,010,800 for the Capital Projects Fund – ARRA Economic Stimulus Fund and \$367,544 for the Nonmajor Governmental Funds.

**NOTE 5: CAPITAL ASSETS**

Capital asset balances and activities for the fiscal year ended June 30, 2011, were as follows:

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
<b>Governmental Activities</b>				
<i>Capital Assets not being depreciated</i>				
Land	\$ 168,885,412	\$ 196,988	\$ -	\$ 169,082,400
Construction in Progress	12,338,689	3,496,906	(12,162,736)	3,672,859
Total Capital Assets not being depreciated	<u>181,224,101</u>	<u>3,693,894</u>	<u>(12,162,736)</u>	<u>172,755,259</u>
<i>Capital Assets being depreciated</i>				
Improvements Other than Buildings	38,743,022	5,784,518	-	44,527,540
Buildings	1,428,532,656	7,306,525	(305,293)	1,435,533,888
Furniture, Fixtures, and Equipment	67,804,127	11,384,945	(4,315,475)	74,873,597
Motor Vehicles	71,618,384	269,278	(361,703)	71,525,959
Audio/Visual Materials	138,933	8,762	(50,129)	97,566
Software	38,168,305	1,765,278	(1,329,115)	38,604,468
Total Capital Assets being depreciated	<u>1,645,005,427</u>	<u>26,519,306</u>	<u>(6,361,715)</u>	<u>1,665,163,018</u>
<i>Less accumulated depreciation for</i>				
Improvements Other than Buildings	8,835,949	1,755,975	-	10,591,924
Buildings	295,684,049	33,877,820	(128,832)	329,433,037
Furniture, Fixtures, and Equipment	45,051,504	7,148,536	(3,830,258)	48,369,782
Motor Vehicles	41,092,688	6,137,039	(321,751)	46,907,976
Audio/Visual Materials	101,568	8,393	(49,227)	60,734
Software	13,340,872	3,352,086	(745,664)	15,947,294
Total accumulated depreciation	<u>404,106,630</u>	<u>52,279,849</u>	<u>(5,075,732)</u>	<u>451,310,747</u>
<i>Capital Assets being depreciated, Net</i>	<u>1,240,898,797</u>	<u>(25,760,543)</u>	<u>(1,285,983)</u>	<u>1,213,852,271</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ 1,422,122,898</u>	<u>\$ (22,066,649)</u>	<u>\$ (13,448,719)</u>	<u>\$ 1,386,607,530</u>

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Depreciation expense was charged to governmental functions as follows:

<u>Governmental Function</u>	<u>Amount</u>
Instruction	\$ 1,640,283
Pupil Personnel Services	339,512
Instructional Media Services	49,727
Instruction & Curriculum Development Services	161,987
Instructional Staff Training Services	18,564
Instruction Related Technology	239
General Administration	9,368
School Administration	42,381
Facilities Services	47,867,115
Fiscal Services	2,811
Food Services	466,760
Central Services	104,002
Pupil Transportation Services	805,028
Operation of Plant	361,707
Maintenance of Plant	233,586
Administrative Technology Services	117,061
Community Services	<u>59,718</u>
Total Depreciation Expense – Governmental Functions	<u>\$ 52,279,849</u>

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**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	\$ 4,140,724	\$ 28,819,803
Special Revenue:		
Federal Economic Stimulus	36,853	2,233,949
Capital Projects:		
Local Capital Improvement Tax	600,640	546,828
Certificates of Participation/Impact		
Fees/State Grants	-	755,350
Non-major Governmental Funds	255,509	1,387,550
Proprietary Funds	28,709,754	-
Total	\$ 33,743,480	\$ 33,743,480

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	\$ 27,895,578	\$ -
Debt Service:		
Certificates of Participation	47,970,568	-
Capital Projects:		
Local Capital Improvements Tax	-	68,524,300
Certificates of Participation/Impact		
Fees/State Grants	17,691,818	22,232,120
Non-major Governmental Funds	-	2,801,544
Total	\$ 93,557,964	\$ 93,557,964

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.

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**NOTE 7: NONCURRENT LIABILITIES**

***7-A. Certificates of Participation Payable***

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); Series 2009A (original issue: \$26,950,000); 2010A (original issue: \$23,298,000) issued December 2010; and 2011A-QSCB (original issue: \$27,009,000) issued June 2011; be repaid from the proceeds of rents paid by the District. The proceeds of the Series 2010A was used to partially payoff the Series 2002A issue.

The American Recovery and Reinvestment Act (ARRA) of 2009, signed into law on February 17, 2009, created two new categories of direct subsidy debt for school districts. The Qualified School Construction Bonds (QSCBs) and the Build America Bonds (BABs). Neither the QSCBs or the BABs represent incremental Federal Funding, both must be repaid by the District. In June 2011, the Corporation issued Certificate Series 2011A-QSCB in the amount of \$27,009,000. The Series 2011A-QSCB was issued to finance the cost of construction, installation and equipping educational facilities. The Series 2011A-QSCB Certificates are structured as taxable bonds and the District will receive a direct rebate/subsidy payment from the U.S. Treasury to offset a portion of the interest expense. The interest rate bondholders will receive is 5.48 percent and the federal subsidy is 5.02 percent, therefore the net interest cost to the District is .46 percent. Interest earnings on the proceeds will further offset this expense.

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.

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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

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

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Series 2010A

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

Series 2011A-QSCB

One Elementary School  
One Middle School

The lease payments are payable by the District semi-annually on December 30 and June 30, at interest rates ranging from 2.770 to 5 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>
2012	\$ 42,598,388	\$ 22,135,600	\$ 20,462,788
2013	42,444,450	22,825,600	19,618,850
2014	42,774,560	23,956,600	18,817,960
2015	42,637,282	24,737,600	17,899,682
2016	42,905,655	25,744,600	17,161,055
2017-2021	213,811,892	145,588,000	68,223,892
2022-2026	215,365,221	179,308,000	36,057,221
2027-2028	66,211,927	61,570,000	4,641,927
<b>Total Minimum Lease Payments</b>	<b>708,749,375</b>	<b>505,866,000</b>	<b>202,883,375</b>
<b>Add: Unamortized Premium, net</b>	<b>4,093,310</b>	<b>4,093,310</b>	<b>-</b>
<b>Total Certificates of Participation Payable</b>	<b>\$ 712,842,685</b>	<b>\$ 509,959,310</b>	<b>\$ 202,883,375</b>

All Certificates of Participation issued are subject to arbitrage rebate. At June 30, 2011, there was no arbitrage rebate liability.

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**7-B. Notes Payable**

Notes payable are comprised of the following:

	Balance at 6/30/11
<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 \$338,751 during the 2010-11 fiscal year.	\$ 2,366,308
<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 \$461,853 during the 2010-11 fiscal year.	<u>5,400,651</u>
<b>Total Notes Payable</b>	<u><u>\$ 7,766,959</u></u>

Amounts needed for the planned extended repayment of Section 1011.14, Florida Statutes, bank loans as of June 30, 2011 are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
<b>Notes Payable</b>			
2012	\$ 1,177,938	\$ 858,439	\$ 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	1,235,070	1,080,889	154,181
2017-2020	<u>3,132,164</u>	<u>2,932,089</u>	<u>200,075</u>
<b>Total Notes Payable</b>	<u><u>\$ 9,163,270</u></u>	<u><u>\$ 7,766,959</u></u>	<u><u>\$ 1,396,311</u></u>

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA  
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**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 \$19,705,000. 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, 2011, are as follows:

Bond Type	Amount Outstanding	Interest Rate (Percent)	Annual Maturity To
State School Bonds			
Series 2002A	\$ 25,000	5.00	2012
Series 2003A	1,005,000	3.00-4.25	2023
Series 2004A	1,365,000	3.35-4.625	2024
Series 2005B	10,885,000	5.00	2020
Series 2009A	970,000	3.00-5.00	2019
Series 2010A	310,000	4.00-5.00	2022
Sub-Total	14,560,000		
Add: Unamortized Premium, Net	503,679		
Total Bonds Payable	\$ 15,063,679		

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THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA  
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The annual requirements to amortize all bonded debt outstanding as of June 30, 2011, including interest payments, are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
<b>State School Bonds</b>			
2012	\$ 2,287,626	\$ 1,585,000	\$ 702,626
2013	2,277,089	1,650,000	627,089
2014	2,292,864	1,745,000	547,864
2015	2,297,604	1,835,000	462,604
2016	2,297,754	1,925,000	372,754
2017-2021	5,745,260	5,115,000	630,260
2022-2024	762,532	705,000	57,532
<b>Subtotal Bonds Payable</b>	17,960,729	14,560,000	3,400,729
<b>Add: Unamortized Premium, net</b>	503,679	503,679	-
<b>Total Bonds Payable</b>	<u>\$ 18,464,408</u>	<u>\$ 15,063,679</u>	<u>\$ 3,400,729</u>

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THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA  
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***Changes in NonCurrent Liabilities***

Noncurrent liability balances and activity for the year ended June 30, 2011, were as follows:

	Balance 06/30/10	Additions	Deductions	Balance 06/30/11*	Amounts Due within One Year
<b>Governmental Activities</b>					
<i>Long-Term Debt</i>					
Bonds Payable	\$ 16,120,000	\$ 310,000	\$ 1,870,000	\$ 14,560,000	\$ 1,585,000
Bond Premium	526,354	43,701	56,126	513,929	-
Bond Discount	(11,098)	-	(848)	(10,250)	-
Certificates of Participation Payable	502,595,000	50,307,000	47,036,000	505,866,000	22,135,600
Certificates of Participation Premium	8,091,461	-	771,899	7,319,562	-
Certificates of Participation Discount	(1,739,977)	(1,897,927)	(411,652)	(3,226,252)	-
Derivative Instruments-Hedging	1,062,914	-	582,464	480,450	-
Notes Payable	8,567,563	-	800,604	7,766,959	858,439
<b>Total Long-Term Debt</b>	<b>535,212,217</b>	<b>48,762,774</b>	<b>50,704,593</b>	<b>533,270,398</b>	<b>24,579,039</b>
<i>Other Noncurrent Liabilities</i>					
Estimated Early Retirement Payable	1,283,000	-	3,000	1,280,000	30,000
Estimated Insurance Claims Payable	21,695,210	64,205,711	65,020,345	20,880,576	11,878,633
Postemployment Benefits Payable	12,774,763	3,524,499	-	16,299,262	-
Liability for Compensated Absences	59,122,475	22,028,191	22,213,681	58,936,985	4,530,455
<b>Total Other Liabilities</b>	<b>94,875,448</b>	<b>89,758,401</b>	<b>87,237,026</b>	<b>97,396,823</b>	<b>16,439,088</b>
<b>Total Noncurrent Liabilities</b>	<b>\$ 630,087,665</b>	<b>\$ 138,521,175</b>	<b>\$ 137,941,619</b>	<b>\$ 630,667,221</b>	<b>\$ 41,018,127</b>

*\*Payments on the bonds and notes payable are made by the Debt Service Funds SBE/COBI Bonds and Certificates of Participation. 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 \$91,649 liability for compensated absences in the Internal Service Fund is included in the above amounts.



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**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 has been calculated using a proprietary pricing service, as such the methods and assumptions are not disclosed. The fair value balance and notional amount of the derivative instrument outstanding at June 30, 2011, 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 6/30/11	
	Classification	Amount	Classification	Amount	Notional
Governmental Activities					
Cash Flow Hedges:					
2008B-Interest Rate Swap	Deferred outflow of resources	\$ 582,464	Debt	<u>\$ (480,450)</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 swap transaction with the Bank of America (BOA). There is a risk that BOA could run into financial difficulty and be unable to meet its obligations during the swap term, thereby eliminating the potential cash flow benefit to the District.

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**NOTE 9: DEFEASED DEBT**

On October 14, 2010, the Board issued \$310,000 in State Board of Education Bonds, Series 2010-A, with an average interest rate of 4.88 percent, to refund the District's State Board of Education Bonds, Series 2002-A. The Refunding Bonds are being issued to refund the \$400,000 principal amount of the District's State Board of Education Bonds, Series 2002-A that mature on or after January 1, 2011. The net proceeds of \$357,248 (after payment of \$2,957 in underwriting fees, insurance, and other issuance costs) were placed in an irrevocable trust to call on January 1, 2013, all outstanding bonds and to pay all accrued interest on the State Board of Education Bonds, Series 2002-A. As a result, \$355,000 of the 2002-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 2002-A State Board of Education Bonds were refunded to reduce its total debt service payments over the next twelve years by approximately \$71,463 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$54,387.

On December 29, 2010, the Board issued \$23,298,000 in Certificates of Participation, Series 2010-A, with an average interest rate of 3.13 percent, to refund a portion of the District's Certificates of Participation, Series 2002A. The Refunding Certificates are being issued to refund the \$21,305,000 principal amount of the District's Certificates of Participation, Series 2002A, that mature on or after August 1, 2010. The net proceeds of \$23,202,928, (after payment of \$95,047 in underwriting fees, insurance, and other issuance costs) were placed in an irrevocable trust to call on August 01, 2012, all outstanding future debt payments on the Certificates of Participation, Series 2002A. As a result, \$21,305,000 of the 2002A series COPS are considered to be in-substance defeased and the liability for these bonds has been removed from the government-wide financial statements.

The Series 2002A Certificates of Participation were refunded to reduce its total debt service payments over the next ten years by approximately \$1,236,079 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$1,077,362.

In prior years, the District defeased Certificates of Participation, Series 1991A, Series 1993A, 1999A 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, 2011, the amount of defeased debt outstanding is \$52,290,000.

**NOTE 10: FUND BALANCE REPORTING**

The District has adopted GASB Statement No.54 as part of its 2010-11 fiscal year reporting. The intention of the GASB is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the District's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources. GASB Statement No.54 provides for two major types of fund balances, which are nonspendable and spendable.

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Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The District has inventories that are considered nonspendable. The District does not have any prepaid items or nonspendable funds related to endowments.

In addition to the nonspendable fund balance, GASB Statement No.54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

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

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

Nonspendable: The District has inventories totaling \$1,964,413 that are classified as nonspendable.

Spendable: The District has classified the spendable fund balances as *Restricted*, *Assigned*, and *Unassigned* and considered each to have been spent when expenditures are incurred.

• **Restricted for State Required Carryover Programs, Food Services, Debt Service, and Capital Projects:**

Federal laws, Florida Statutes and local ordinances require that certain revenues be specifically designated for the purposes of State categorical and earmarked programs, food service, debt service, and capital projects. These funds have been included in the *Restricted* category of fund balance. The restricted fund balances totaled \$268,188,786 and represented \$6,379,538 in State required carryover programs, \$14,896,079 in food service, \$590,885 in debt service and \$246,322,284 in capital projects.

• **Assigned for State and Local Programs:**

In accordance with GASB Statement No.54, the District reports \$50,938,055 for state and local programs needed to eliminate expected expenditures over expected revenues, in the subsequent year budget approved by the Board, as assigned fund balance of the General Fund. The Board has also set aside \$19,000,000 for contingency reserves to stabilize the current year budget for potential revenue shortfalls, emergencies, and unanticipated expenditures after the current year's budget adoption.

• **Unassigned:**

The unassigned fund balance in the General Fund is \$87,579,373.

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**NOTE 11: SCHEDULE OF STATE REVENUE SOURCES**

The following is a schedule of the District's State revenue for the 2010-11 fiscal year:

Source	Amount
Florida Education Finance Program	\$ 80,355,668
Categorical Educational Programs:	
Class Size Reduction	92,645,707
Gross Receipts Tax (Public Education Capital Outlay)	3,152,602
Workforce Development Program	9,473,074
Discretionary Lottery Funds	312,199
Charter School Capital Outlay Funding	4,540,302
Motor Vehicle License Tax (Capital Outlay and Debt Service)	3,218,198
Mobile Home License Tax	500,399
Food Service Supplement	528,273
Racing Commission Funds	223,250
Miscellaneous	7,963,925
<b>Total</b>	<b>\$ 202,913,597</b>

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

**NOTE 12: PROPERTY TAXES**

The following is a summary of millages and taxes levied on the 2010 tax roll in fiscal year 2010-2011:

	Mills	Amount
<u>General Fund:</u>		
Nonvoted School Tax		
Required Local Effort	5.767	\$ 340,141,433
Basic Discretionary Local Effort	0.748	44,117,529
Critical Operating	0.250	14,745,164
<u>Capital Projects Funds:</u>		
Nonvoted School Tax		
Local Improvements	1.250	73,725,818
<b>Total</b>	<b>8.015</b>	<b>\$ 472,729,944</b>

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**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 (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.

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.

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. Employees in the PEORP vest after one year of service. There were 1,697 District participants during the 2010-11 fiscal year. Contributions made to the PEORP totaled \$6,888,351, 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

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA  
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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.

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.

***Funding Policy***

The contribution rates for retirement plan members are established, and may be amended, by the State of Florida. During fiscal year 2010-2011, contribution rates for the FRS Pension Plan and the FRS Investment Plan were as follows:

Class	Employer Contribution (Percent of Gross Salary)
Florida Retirement System, Regular	10.77
Florida Retirement System, Elected County Officers	18.64
Florida Retirement System, Senior Management Service	14.57
Deferred Retirement Option Program (Applicable to members from all of the above classes)	12.25
Florida Retirement System, Re-Employed Retiree, Regular	10.77

*Note: Employer rates include the post-employment health insurance supplement of 1.11 percent. The District's fiscal year 2010-2011 payrolls subject to FRS employer contributions for all employees totaled \$382,659,972. Required contributions made to the Florida Retirement System for fiscal years June 30, 2009; June 30, 2010; and June 30, 2011, totaled \$39,078,223; \$37,492,245; and \$41,623,140 respectively which were equal to the required contributions for each fiscal year.*

Effective July 1, 2011, all members of the FRS except for DROP participants and reemployed retirees who are not eligible for renewed membership, are required to contribute 3 percent of compensation to the FRS.

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**NOTE 14: EARLY RETIREMENT INCENTIVE PROGRAM**

As authorized by Section 1012.685, Part VII, Florida Statutes, the Board implemented 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 13, 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 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.

***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

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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 \$1,280,000 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.

#### **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 2010-11 fiscal year, 570 retirees received health care benefits. The District provided contributions of \$2,261,329 toward the annual OPEB cost, comprised of benefit payments made on behalf of retirees net of retiree contributions totaling \$3,435,852, which represents .93 percent of covered payroll.

##### ***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:



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Employer Fiscal Year Ending June 30	2011
Normal Cost (service cost for one year)	\$ 3,014,291
Amortization of Unfunded Actuarial Accrued Liability	2,736,953
Interest on Normal Cost and Amortization	127,979
Annual required Contribution	<u>5,879,223</u>
Interest on Net OPEB Obligation	574,864
Adjustment to ARC	<u>(668,259)</u>
Annual OPEB Cost (Expense)	5,785,828
Contribution toward the OPEB cost	<u>(2,261,329)</u>
Increase in Net OPEB Obligation	3,524,499
Net OPEB Obligation, Beginning of year	12,774,763
Net OPEB Obligation, End of year	<u><u>\$ 16,299,262</u></u>

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, 2011, and the two preceding years, were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	OPEB Obligation
June 30, 2011	\$ 5,785,828	39.1%	\$16,299,262
June 30, 2010	\$ 5,512,972	30.6%	\$12,774,763
June 30, 2009	\$ 7,625,010	40.5%	\$ 8,946,548

***Funded Status and Funding Progress***

The funded status of the plan as of January 01, 2009, the most recent actuarial valuation date, 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)	13.4%

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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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 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 in the current valuation. 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 an inflation rate of 3 percent per year, a payroll growth of 4 percent per year, and an annual healthcare cost trend rate of 8.5 percent for the 2010-11 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, 2011, is 19 years.

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA  
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June 30, 2011

**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 \$7,162,702 at December 31, 2010 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. Property, 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.

The District provides 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 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 \$11,885,161 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, 2011. A liability in the amount of \$8,995,415 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, 2011.

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA  
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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
2009-10	\$ 10,071,515	\$ 6,042,967	\$ (4,835,821)	\$ 11,278,661
2010-11	\$ 11,278,661	\$ 6,208,680	\$ (5,602,180)	\$ 11,885,161

**Health Insurance Self Insurance Fund:**

	Beginning of Fiscal Year Liability	Current-Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2009-10	\$ 12,988,106	\$ 67,524,103	\$ (70,095,660)	\$ 10,416,549
2010-11	\$ 10,416,549	\$ 57,997,032	\$ (59,418,166)	\$ 8,995,415

**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.

**NOTE 19: PRIOR PERIOD ADJUSTMENT**

***Restatement of Beginning Net Assets and Fund Balances***

In prior years the District recorded an accounts receivable for Federal Emergency Management Administration claims due to Hurricane Wilma. The District received the revenue in fiscal year 2007, however the proceeds were recorded as Federal and State revenue rather than a reduction of an accounts receivable. As a result, the beginning net assets of the governmental activities and the beginning fund balance of the General Fund were overstated by \$404,635. The effects of this adjustment on the previously reported financial statement amounts were as follows:

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2011

	Governmental Activities	General Fund
Net assets/fund balances as of June 30,2010, as previously reported	\$ 1,242,166,919	\$ 134,072,604
Adjustment	(404,635)	(404,635)
Net assets/fund balances as of June 30,2010, as restated	\$ 1,241,762,284	\$ 133,667,969
Changes in net assets/fund balances for the year ended June 30, 2010, as previously reported	\$ (7,511,283)	\$ 23,996,570
Adjustment	(404,635)	(404,635)
Changes in net assets/fund balances for the year ended June 30, 2010, as corrected	\$ (7,915,918)	\$ 23,591,935

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2011

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

THE SCHOOL DISTRICT OF LEE COUNTY  
 SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS

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%
January 1, 2009	-	49,213,459	49,213,459	0.0%	368,603,555	13.4%



THE SCHOOL DISTRICT OF LEE COUNTY  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS - OTHER POSTEMPLOYMENT BENEFITS

Fiscal Year Ending	Annual OPEB Cost	Estimated Amount Contributed	Percentage of Annual OPEB Cost Contributed	Estimated Net OPEB Obligation
June 30, 2009	\$ 7,625,010	\$ 3,090,604	40.5%	\$ 8,946,548
June 30, 2010	5,512,972	1,684,757	30.6%	12,774,763
June 30, 2011	5,785,828	2,261,329	39.1%	16,299,262

**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 which are required to finance restricted 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**

Two 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:

**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, 2011

	<u>Special Revenue Funds</u>		<u>Debt Service Fund</u>	<u>Capital Projects Funds</u>		
	Total Nonmajor Governmental Funds	Contracted Programs	Food Service	SBE/COBI Bonds	Public Education Capital Outlay	Capital Outlay and Debt Service
<b>ASSETS</b>						
Cash	\$ 10,628,915	\$ 20	\$ 6,082,796	\$ -	\$ 448,930	\$ 4,097,169
Investments	5,415,871	-	5,014,398	401,473	-	-
Accounts Receivable	29,604	-	16,957	-	12,647	-
Due from other Funds	255,509	255,509	-	-	-	-
Due from other Agencies	5,665,570	1,414,019	4,251,551	-	-	-
Inventory	274,957	-	274,957	-	-	-
<b>Total Assets</b>	<b><u>\$ 22,270,426</u></b>	<b><u>\$ 1,669,548</u></b>	<b><u>\$ 15,640,659</u></b>	<b><u>\$ 401,473</u></b>	<b><u>\$ 461,577</u></b>	<b><u>\$ 4,097,169</u></b>
<b>LIABILITIES AND FUND BALANCES</b>						
Accounts Payable	\$ 821,255	\$ 398,879	\$ 347,134	\$ -	\$ 59,282	\$ 15,960
Construction Contracts Payable- Retainage	233,932	-	-	-	233,932	-
Deposits Payable	1,311	1,311	-	-	-	-
Due to other Agencies	6,058	6,058	-	-	-	-
Due to other Funds	1,387,550	1,263,300	122,489	-	1,761	-
<b>Total Liabilities</b>	<b><u>2,450,106</u></b>	<b><u>1,669,548</u></b>	<b><u>469,623</u></b>	<b><u>-</u></b>	<b><u>294,975</u></b>	<b><u>15,960</u></b>
<b>Fund Balance</b>						
<b>Nonspendable</b>						
Inventory	274,957	-	274,957	-	-	-
<b>Restricted for:</b>						
Debt Service	401,473	-	-	401,473	-	-
Capital Projects	4,247,811	-	-	-	166,602	4,081,209
Special Revenue	14,896,079	-	14,896,079	-	-	-
<b>Total Fund Balances</b>	<b><u>19,820,320</u></b>	<b><u>-</u></b>	<b><u>15,171,036</u></b>	<b><u>401,473</u></b>	<b><u>166,602</u></b>	<b><u>4,081,209</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 22,270,426</u></b>	<b><u>\$ 1,669,548</u></b>	<b><u>\$ 15,640,659</u></b>	<b><u>\$ 401,473</u></b>	<b><u>\$ 461,577</u></b>	<b><u>\$ 4,097,169</u></b>

**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, 2011**

	Special Revenue Funds		Debt Service Fund		Capital Projects Funds	
	Total Nonmajor Governmental Funds	Contracted Programs	Food Service	SBE/COBI Bonds	Public Education Capital Outlay	Capital Outlay and Debt Service
<b>Revenues</b>						
Federal Direct Sources	\$ 7,747,263	\$ 7,747,263	\$ -	\$ -	\$ -	\$ -
Federal Through State Sources	65,438,362	38,973,694	26,464,668	-	-	-
State Sources	6,936,840	-	528,273	2,253,352	3,152,602	1,002,613
Local Sources						
Food Service Sales	6,779,082	-	6,779,082	-	-	-
Miscellaneous	37,303	-	32,900	-	-	4,403
<b>Total Revenues</b>	<b>86,938,850</b>	<b>46,720,957</b>	<b>33,804,923</b>	<b>2,253,352</b>	<b>3,152,602</b>	<b>1,007,016</b>
<b>EXPENDITURES</b>						
<b>Current</b>						
Instruction	27,050,402	27,050,402	-	-	-	-
Pupil Personnel Services	4,420,053	4,420,053	-	-	-	-
Instructional Media Services	80,656	80,656	-	-	-	-
Instruction and Curriculum						
Development Services	6,837,429	6,837,429	-	-	-	-
Instructional Staff Training Services	4,187,454	4,187,454	-	-	-	-
Board	10,895	10,895	-	-	-	-
General Administration	1,438,912	1,438,912	-	-	-	-
School Administration	108,242	108,242	-	-	-	-
Facilities Services	1,332,993	177,993	-	-	1,155,000	-
Fiscal Services	19,996	19,996	-	-	-	-
Food Service	29,239,256	-	29,239,256	-	-	-
Central Services	281,761	281,761	-	-	-	-
Pupil Transportation Services	244,150	244,150	-	-	-	-
Operation of Plant	235,928	235,928	-	-	-	-
Community Services	85,925	85,925	-	-	-	-
<b>Capital Outlay</b>						
Facilities Acquisition and Construction	1,485,169	128,501	-	-	1,356,668	-
Other Capital Outlay	1,492,205	1,412,660	79,545	-	-	-
<b>Debt Service</b>						
Principal	1,515,000	-	-	1,515,000	-	-
Interest and Fiscal Charges	788,673	-	-	774,054	-	14,619
<b>Total Expenditures</b>	<b>80,855,099</b>	<b>46,720,957</b>	<b>29,318,801</b>	<b>2,289,054</b>	<b>2,511,668</b>	<b>14,619</b>
<b>Excess (Deficiency) of Revenues</b>						
Over Expenditures	6,083,751	-	4,486,122	(35,702)	640,934	992,397
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of Refunding Bonds	310,000	-	-	310,000	-	-
Premium on Refunding Bonds	50,206	-	-	50,206	-	-
Payments to Refunded Bond Escrow Agent	(361,504)	-	-	(361,504)	-	-
Transfer Out	(2,801,544)	-	-	-	(2,801,544)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(2,802,842)</b>	<b>-</b>	<b>-</b>	<b>(1,298)</b>	<b>(2,801,544)</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>3,280,909</b>	<b>-</b>	<b>4,486,122</b>	<b>(37,000)</b>	<b>(2,160,610)</b>	<b>992,397</b>
Fund Balance, Beginning	16,539,411	-	10,684,914	438,473	2,327,212	3,088,812
<b>Fund Balance, Ending</b>	<b>\$ 19,820,320</b>	<b>\$ -</b>	<b>\$ 15,171,036</b>	<b>\$ 401,473</b>	<b>\$ 166,602</b>	<b>\$ 4,081,209</b>



**THE SCHOOL DISTRICT OF LEE COUNTY  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
DEBT SERVICE FUND - CERTIFICATES OF PARTICIPATION (MAJOR GOVERNMENTAL FUND)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Certificates of Participation			Variance with Final Budget - Under (Over)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<b>REVENUES</b>				
Local Sources				
Interest Income	\$ -	\$ -	\$ 954	\$ (954)
Total Local Sources	-	-	954	(954)
 Total Revenues	 -	 -	 954	 (954)
<b>EXPENDITURES</b>				
Debt Service				
Principal	26,010,604	26,531,604	26,531,604	-
Interest and Fiscal Charges	22,347,844	22,906,609	21,536,082	1,370,527
Total Expenditures	48,358,448	49,438,213	48,067,686	1,370,527
<b>Deficiency of Revenues Over Expenditures</b>	<b>(48,358,448)</b>	<b>(49,438,213)</b>	<b>(48,066,732)</b>	<b>(1,371,481)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In	48,351,827	49,336,520	47,970,568	1,365,952
Certificates of Participation Issued	-	23,298,000	23,298,000	-
Payments to Refunded COPS Escrow Agent	-	(23,202,928)	(23,202,928)	-
Total Other Financing Sources (Uses)	48,351,827	49,431,592	48,065,640	1,365,952
<b>Net Change in Fund Balance</b>	<b>(6,621)</b>	<b>(6,621)</b>	<b>(1,092)</b>	<b>(5,529)</b>
Fund Balance, Beginning	184,135	184,135	184,135	-
Fund Balance, Ending	<u>\$ 177,514</u>	<u>\$ 177,514</u>	<u>\$ 183,043</u>	<u>\$ (5,529)</u>

**THE SCHOOL DISTRICT OF LEE COUNTY  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
DEBT SERVICE FUND - ARRA ECONOMIC STIMULUS (MAJOR GOVERNMENTAL FUND)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	ARRA Economic Stimulus			Variance with Final Budget - Under (Over)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<b>EXPENDITURES</b>				
Debt Service				
Interest and Fiscal Charges	\$ 148,550	\$ 148,550	\$ 142,181	\$ 6,369
Total Expenditures	148,550	148,550	142,181	6,369
<b>Deficiency of Revenues Over Expenditures</b>	(148,550)	(148,550)	(142,181)	(6,369)
<b>OTHER FINANCING SOURCES</b>				
Certificates of Participation Issued	148,550	148,550	148,550	-
Total Other Financing Sources	148,550	148,550	148,550	-
<b>Net Change in Fund Balance</b>	-	-	6,369	(6,369)
Fund Balance, Beginning	-	-	-	-
Fund Balance, Ending	\$ -	\$ -	\$ 6,369	\$ (6,369)

**THE SCHOOL DISTRICT OF LEE COUNTY  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
CAPITAL PROJECTS FUND - LOCAL CAPITAL IMPROVEMENT TAX (MAJOR GOVERNMENTAL FUND)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Local Capital Improvement Tax			Variance with Final Budget - Under (Over)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<b>REVENUES</b>				
Local Sources				
Ad Valorem Taxes	\$ 70,776,785	\$ 70,776,785	\$ 70,064,384	\$ 712,401
Interest Income	999,450	980,565	487,741	492,824
Total Local Sources	<u>71,776,235</u>	<u>71,757,350</u>	<u>70,552,125</u>	<u>1,205,225</u>
 Total Revenues	 <u>71,776,235</u>	 <u>71,757,350</u>	 <u>70,552,125</u>	 <u>1,205,225</u>
<b>EXPENDITURES</b>				
Current				
Facilities Services	-	77,470,201	32,652,828	44,817,373
Capital Outlay				
Facilities Acquisition and Construction	134,502,704	46,405,629	2,296,004	44,109,625
Other Capital Outlay	-	9,135,967	6,890,573	2,245,394
Debt Service				
Interest and Fiscal Charges	-	80,312	59,796	20,516
 Total Expenditures	 <u>134,502,704</u>	 <u>133,092,109</u>	 <u>41,899,201</u>	 <u>91,192,908</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	 <u>(62,726,469)</u>	 <u>(61,334,759)</u>	 <u>28,652,924</u>	 <u>(89,987,683)</u>
<b>OTHER FINANCING USES</b>				
Transfer Out	(68,498,542)	(69,890,252)	(68,524,300)	(1,365,952)
 Total Other Financing Uses	 <u>(68,498,542)</u>	 <u>(69,890,252)</u>	 <u>(68,524,300)</u>	 <u>(1,365,952)</u>
 <b>Net Change in Fund Balance</b>	 <u>(131,225,011)</u>	 <u>(131,225,011)</u>	 <u>(39,871,376)</u>	 <u>(91,353,635)</u>
Fund Balance, Beginning	164,920,037	164,920,037	164,920,037	-
Fund Balance, Ending	<u>\$ 33,695,026</u>	<u>\$ 33,695,026</u>	<u>\$ 125,048,661</u>	<u>\$ (91,353,635)</u>

**THE SCHOOL DISTRICT OF LEE COUNTY  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
CAPITAL PROJECTS FUND - CERTIFICATES OF PARTICIPATION/IMPACT FEES/STATE GRANTS  
(MAJOR GOVERNMENTAL FUND)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Certificates of Participation/Impact Fees/State Grants</u>			<b>Variance with Final Budget - Under (Over)</b>
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
State Sources:				
Charter School Capital Outlay	\$ 5,027,238	\$ 4,540,304	\$ 4,540,302	\$ 2
State Grants and Other State Sources	100,000	100,000	374,007	(274,007)
Total State Sources	<u>5,127,238</u>	<u>4,640,304</u>	<u>4,914,309</u>	<u>(274,005)</u>
Local Sources				
Interest Income	295,000	535,734	481,873	53,861
Impact Fees	4,000,000	4,000,000	2,780,641	1,219,359
Total Local Sources	<u>4,295,000</u>	<u>4,535,734</u>	<u>3,262,514</u>	<u>1,273,220</u>
Total Revenues	<u>9,422,238</u>	<u>9,176,038</u>	<u>8,176,823</u>	<u>999,215</u>
<b>EXPENDITURES</b>				
Current				
Facilities Services	-	907,110	668,814	238,296
Capital Outlay				
Facilities Acquisition and Construction	92,591,120	88,140,420	664,767	87,475,653
Other Capital Outlay	-	3,760,823	292,493	3,468,330
Debt Service				
Interest and Fiscal Charges	-	23,501	23,010	491
Total Expenditures	<u>92,591,120</u>	<u>92,831,854</u>	<u>1,649,084</u>	<u>91,182,770</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(83,168,882)</u>	<u>(83,655,816)</u>	<u>6,527,739</u>	<u>(90,183,555)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In	-	17,691,818	17,691,818	-
Transfer Out	(5,027,238)	(22,232,122)	(22,232,120)	(2)
Total Other Financing Sources (Uses)	<u>(5,027,238)</u>	<u>(4,540,304)</u>	<u>(4,540,302)</u>	<u>(2)</u>
<b>Net Change in Fund Balance</b>	<u>(88,196,120)</u>	<u>(88,196,120)</u>	<u>1,987,437</u>	<u>(90,183,557)</u>
Fund Balance, Beginning	<u>88,196,120</u>	<u>88,196,120</u>	<u>88,196,120</u>	<u>-</u>
Fund Balance, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90,183,557</u>	<u>\$ (90,183,557)</u>

**THE SCHOOL DISTRICT OF LEE COUNTY  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
CAPITAL PROJECTS FUND - ARRA ECONOMIC STIMULUS  
(MAJOR GOVERNMENTAL FUND)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<b>ARRA Economic Stimulus</b>			<b>Variance with Final Budget - Under (Over)</b>
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Local Sources				
Interest Income	\$ -	\$ -	\$ 4,205	\$ (4,205)
Total Local Sources	-	-	4,205	(4,205)
Total Revenues	-	-	4,205	(4,205)
<b>EXPENDITURES</b>				
Capital Outlay				
Facilities Acquisition and Construction	26,860,450	26,860,450	22,400	26,838,050
Total Expenditures	26,860,450	26,860,450	22,400	26,838,050
<b>Deficiency of Revenues Over Expenditures</b>	<b>(26,860,450)</b>	<b>(26,860,450)</b>	<b>(18,195)</b>	<b>(26,842,255)</b>
<b>OTHER FINANCING SOURCES</b>				
Certificates of Participation Issued	26,860,450	26,860,450	26,860,450	-
Total Other Financing Sources	26,860,450	26,860,450	26,860,450	-
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>26,842,255</b>	<b>(26,842,255)</b>
Fund Balance, Beginning	-	-	-	-
Fund Balance, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,842,255</u>	<u>\$ (26,842,255)</u>

**THE SCHOOL DISTRICT OF LEE COUNTY  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
SPECIAL REVENUE FUND - CONTRACTED PROGRAMS (NONMAJOR GOVERNMENTAL FUND)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Contracted Programs			Variance with Final Budget - Under (Over)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<b>REVENUES</b>				
Federal Direct Sources:				
Miscellaneous Federal Direct	\$ 8,566,564	\$ 9,372,258	\$ 7,747,263	\$ 1,624,995
Total Federal Direct Sources	<u>8,566,564</u>	<u>9,372,258</u>	<u>7,747,263</u>	<u>1,624,995</u>
Federal Through State Sources:				
Other Federal Through State Grants	56,321,386	51,557,027	38,973,694	12,583,333
Total Federal Through State Sources	<u>56,321,386</u>	<u>51,557,027</u>	<u>38,973,694</u>	<u>12,583,333</u>
 Total Revenues	 <u>64,887,950</u>	 <u>60,929,285</u>	 <u>46,720,957</u>	 <u>14,208,328</u>
<b>EXPENDITURES</b>				
Current				
Instruction	38,651,545	34,944,806	27,050,402	7,894,404
Pupil Personnel Services	5,264,285	4,975,202	4,420,053	555,149
Instructional Media Services	202,429	92,622	80,656	11,966
Instruction and Curriculum Development Services	8,216,837	8,151,426	6,837,429	1,313,997
Instructional Staff Training Services	8,720,841	6,735,935	4,187,454	2,548,481
Board	40,976	10,895	10,895	-
General Administration	2,317,837	2,031,377	1,438,912	592,465
School Administration	110,632	110,600	108,242	2,358
Facilities Services	218,405	503,322	177,993	325,329
Fiscal Services	20,028	19,996	19,996	-
Central Services	280,404	289,849	281,761	8,088
Pupil Transportation Services	381,730	334,060	244,150	89,910
Operation of Plant	361,755	327,135	235,928	91,207
Community Services	100,246	100,246	85,925	14,321
Capital Outlay				
Facilities Acquisition and Construction	-	128,501	128,501	-
Other Capital Outlay	-	2,173,313	1,412,660	760,653
 Total Expenditures	 <u>64,887,950</u>	 <u>60,929,285</u>	 <u>46,720,957</u>	 <u>14,208,328</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Net Change in Fund Balance	 -	 -	 -	 -
Fund Balance, Beginning	-	-	-	-
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  
SPECIAL REVENUE FUND - FOOD SERVICE (NONMAJOR GOVERNMENTAL FUND)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Food Service			Variance with Final Budget - Under (Over)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<b>REVENUES</b>				
Federal Through State Sources:				
Food Service	\$ 25,732,258	\$ 26,353,470	\$ 26,464,668	\$ (111,198)
Total Federal Through State Sources	<u>25,732,258</u>	<u>26,353,470</u>	<u>26,464,668</u>	<u>(111,198)</u>
State Sources:				
Food Services	558,280	558,280	519,927	38,353
State Grants and Other State Sources	-	-	8,346	(8,346)
Total State Sources	<u>558,280</u>	<u>558,280</u>	<u>528,273</u>	<u>30,007</u>
Local Sources				
Interest Income	-	-	21,757	(21,757)
Food Service Sales	7,286,433	7,286,433	6,779,082	507,351
Local Grants and Other Local Sources	-	-	11,143	(11,143)
Total Local Sources	<u>7,286,433</u>	<u>7,286,433</u>	<u>6,811,982</u>	<u>474,451</u>
Total Revenues	<u>33,576,971</u>	<u>34,198,183</u>	<u>33,804,923</u>	<u>393,260</u>
<b>EXPENDITURES</b>				
Current				
Food Service	31,593,844	32,961,790	29,239,256	3,722,534
Capital Outlay				
Other Capital Outlay	-	79,545	79,545	-
Total Expenditures	<u>31,593,844</u>	<u>33,041,335</u>	<u>29,318,801</u>	<u>3,722,534</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>1,983,127</u>	<u>1,156,848</u>	<u>4,486,122</u>	<u>(3,329,274)</u>
<b>Net Change in Fund Balance</b>	1,983,127	1,156,848	4,486,122	(3,329,274)
Fund Balance, Beginning	10,684,914	10,684,914	10,684,914	-
Fund Balance, Ending	<u>\$ 12,668,041</u>	<u>\$ 11,841,762</u>	<u>\$ 15,171,036</u>	<u>\$ (3,329,274)</u>

**THE SCHOOL DISTRICT OF LEE COUNTY  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
DEBT SERVICE FUND - SBE/COBI BONDS (NONMAJOR GOVERNMENTAL FUND)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<b>SBE/COBI Bonds</b>			<b>Variance with Final Budget - Under (Over)</b>
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
State Sources:				
CO & DS withheld for SBE/COBI Bonds	\$ 2,253,026	\$ 2,253,026	\$ 2,253,026	\$ -
SBE/COBI Bond Interest	326	326	326	-
Total State Sources	<u>2,253,352</u>	<u>2,253,352</u>	<u>2,253,352</u>	<u>-</u>
 Total Revenues	 <u>2,253,352</u>	 <u>2,253,352</u>	 <u>2,253,352</u>	 <u>-</u>
<b>EXPENDITURES</b>				
Debt Service				
Principal	1,515,000	1,515,000	1,515,000	-
Interest and Fiscal Charges	774,054	774,054	774,054	-
Total Expenditures	<u>2,289,054</u>	<u>2,289,054</u>	<u>2,289,054</u>	<u>-</u>
<b>Deficiency of Revenues Over Expenditures</b>	<u>(35,702)</u>	<u>(35,702)</u>	<u>(35,702)</u>	<u>-</u>
<b>OTHER FINANCIAL SOURCES (USES)</b>				
Issuance of Refunding Bonds	310,000	310,000	310,000	-
Premium on Refunding Bonds	50,206	50,206	50,206	-
Payments to Refunded Bond Escrow Agent	(361,504)	(361,504)	(361,504)	-
Total Other Financial Sources (Uses)	<u>(1,298)</u>	<u>(1,298)</u>	<u>(1,298)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>(37,000)</u>	<u>(37,000)</u>	<u>(37,000)</u>	<u>-</u>
Fund Balance, Beginning	<u>438,473</u>	<u>438,473</u>	<u>438,473</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 401,473</u>	<u>\$ 401,473</u>	<u>\$ 401,473</u>	<u>\$ -</u>



**THE SCHOOL DISTRICT OF LEE COUNTY  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
CAPITAL PROJECTS FUND - PUBLIC EDUCATION CAPITAL OUTLAY (NONMAJOR GOVERNMENTAL FUND)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Public Education Capital Outlay			Variance with Final Budget - Under (Over)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<b>REVENUES</b>				
State Sources:				
Public Education Capital Outlay	\$ 3,152,602	\$ 3,152,602	\$ 3,152,602	\$ -
Total State Sources	<u>3,152,602</u>	<u>3,152,602</u>	<u>3,152,602</u>	<u>-</u>
 Total Revenues	<u>3,152,602</u>	<u>3,152,602</u>	<u>3,152,602</u>	<u>-</u>
 <b>EXPENDITURES</b>				
Current				
Facilities Services	-	1,201,058	1,155,000	46,058
Capital Outlay				
Facilities Acquisition and Construction	<u>5,479,814</u>	<u>1,477,212</u>	<u>1,356,668</u>	<u>120,544</u>
 Total Expenditures	<u>5,479,814</u>	<u>2,678,270</u>	<u>2,511,668</u>	<u>166,602</u>
 <b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(2,327,212)</u>	<u>474,332</u>	<u>640,934</u>	<u>(166,602)</u>
 <b>OTHER FINANCING USES</b>				
Transfer Out	<u>-</u>	<u>(2,801,544)</u>	<u>(2,801,544)</u>	<u>-</u>
 Total Other Financing Uses	<u>-</u>	<u>(2,801,544)</u>	<u>(2,801,544)</u>	<u>-</u>
 <b>Net Change in Fund Balance</b>	<u>(2,327,212)</u>	<u>(2,327,212)</u>	<u>(2,160,610)</u>	<u>(166,602)</u>
 Fund Balance, Beginning	<u>2,327,212</u>	<u>2,327,212</u>	<u>2,327,212</u>	<u>-</u>
 Fund Balance, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 166,602</u>	<u>\$ (166,602)</u>

**THE SCHOOL DISTRICT OF LEE COUNTY  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
CAPITAL PROJECTS FUND - CAPITAL OUTLAY AND DEBT SERVICE (NONMAJOR GOVERNMENTAL FUND)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Capital Outlay &amp; Debt Service (CO and DS)</u>			<b>Variance with Final Budget - Under (Over)</b>
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
State Sources:				
CO and DS Distributed to Districts	\$ 951,612	\$ 951,612	\$ 965,172	\$ (13,560)
Interest on Undistributed CO and DS	-	37,441	37,441	-
<b>Total State Sources</b>	<u>951,612</u>	<u>989,053</u>	<u>1,002,613</u>	<u>(13,560)</u>
Local Sources				
Interest Income	8,000	8,000	4,403	3,597
<b>Total Local Sources</b>	<u>8,000</u>	<u>8,000</u>	<u>4,403</u>	<u>3,597</u>
<b>Total Revenues</b>	<u>959,612</u>	<u>997,053</u>	<u>1,007,016</u>	<u>(9,963)</u>
<b>EXPENDITURES</b>				
Capital Outlay				
Facilities Acquisition and Construction	2,459,268	3,455,741	-	3,455,741
Debt Service				
Interest and Fiscal Charges	-	14,700	14,619	81
<b>Total Expenditures</b>	<u>2,459,268</u>	<u>3,470,441</u>	<u>14,619</u>	<u>3,455,822</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(1,499,656)</u>	<u>(2,473,388)</u>	<u>992,397</u>	<u>(3,465,785)</u>
<b>Net Change in Fund Balance</b>	<u>(1,499,656)</u>	<u>(2,473,388)</u>	<u>992,397</u>	<u>(3,465,785)</u>
Fund Balance, Beginning	<u>3,088,812</u>	<u>3,088,812</u>	<u>3,088,812</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 1,589,156</u>	<u>\$ 615,424</u>	<u>\$ 4,081,209</u>	<u>\$ (3,465,785)</u>

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## **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, 2011**

	Internal Service Funds		
	Total	Self Insurance	
		Health	Other
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash	\$ 138,611	\$ 138,611	\$ -
Investments	30,995,050	30,995,050	-
Due from Other Agencies	32,533	32,533	-
Due from Governmental Funds	28,709,754	16,698,082	12,011,672
<b>Total Current Assets</b>	<b>59,875,948</b>	<b>47,864,276</b>	<b>12,011,672</b>
<b>Noncurrent Assets</b>			
Restricted Cash With Fiscal Agent	300,000	-	300,000
Furniture, Fixtures and Equipment	1,498	1,498	-
Less Accumulated Depreciation	(1,498)	(1,498)	-
<b>Total Noncurrent Assets</b>	<b>300,000</b>	<b>-</b>	<b>300,000</b>
<b>Total Assets</b>	<b>60,175,948</b>	<b>47,864,276</b>	<b>12,311,672</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	13	-	13
Unearned Revenue	10,257,677	10,257,677	-
Estimated Insurance Claims Payable	11,878,633	8,973,690	2,904,943
Liability for Compensated Absences	91,649	30,084	61,565
<b>Total Current Liabilities</b>	<b>22,227,972</b>	<b>19,261,451</b>	<b>2,966,521</b>
<b>Long-Term Liabilities</b>			
Estimated Insurance Claims Payable	9,001,943	21,725	8,980,218
<b>Total Liabilities</b>	<b>31,229,915</b>	<b>19,283,176</b>	<b>11,946,739</b>
<b>NET ASSETS</b>			
Restricted Cash With Fiscal Agent	300,000	-	300,000
Unrestricted	28,646,033	28,581,100	64,933
<b>Total Net Assets</b>	<b>\$ 28,946,033</b>	<b>\$ 28,581,100</b>	<b>\$ 364,933</b>

**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, 2011**

	<b>Internal Service Funds</b>		
	<b>Total</b>	<b>Self Insurance</b>	
		<b>Health</b>	<b>Other</b>
<b>OPERATING REVENUES</b>			
Premium Revenue	\$ 87,556,842	\$ 74,488,578	\$ 13,068,264
Other Operating Revenues	33,164	33,164	-
<b>Total Operating Revenues</b>	<b>87,590,006</b>	<b>74,521,742</b>	<b>13,068,264</b>
<b>OPERATING EXPENSE</b>			
Salaries	398,035	159,720	238,315
Employee Benefits	133,140	46,605	86,535
Purchased Services	10,875,404	4,330,891	6,544,513
Insurance Claims	64,205,712	57,997,032	6,208,680
<b>Total Operating Expenses</b>	<b>75,612,291</b>	<b>62,534,248</b>	<b>13,078,043</b>
<b>Operating Income (Loss)</b>	<b>11,977,715</b>	<b>11,987,494</b>	<b>(9,779)</b>
<b>NONOPERATING REVENUES</b>			
Interest Income	92,450	92,450	-
<b>Total Nonoperating Revenues</b>	<b>92,450</b>	<b>92,450</b>	<b>-</b>
<b>Changes in Net Assets</b>	<b>12,070,165</b>	<b>12,079,944</b>	<b>(9,779)</b>
<b>Net Assets - July 01, 2010</b>	<b>16,875,868</b>	<b>16,501,156</b>	<b>374,712</b>
<b>Net Assets - June 30, 2011</b>	<b>\$ 28,946,033</b>	<b>\$ 28,581,100</b>	<b>\$ 364,933</b>

**THE SCHOOL DISTRICT OF LEE COUNTY  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
For the Fiscal Year Ended June 30, 2011**

	<b>Internal Service Funds</b>		
	<b>Total</b>	<b>Self Insurance</b>	
		<b>Health</b>	<b>Other</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Received from Customers, Users and Participants	\$ 68,778,376	\$ 56,277,851	\$ 12,500,525
Cash Payments to Suppliers for Goods and Services	(10,950,593)	(4,331,381)	(6,619,212)
Cash Payments to Employees for Services	(492,376)	(213,243)	(279,133)
Cash Payments for Insurance Claims	(65,020,346)	(59,418,166)	(5,602,180)
Net Cash Used by Operating Activities	<u>(7,684,939)</u>	<u>(7,684,939)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on Investments	<u>92,450</u>	<u>92,450</u>	<u>-</u>
Net Cash Provided by Investing Activities	<u>92,450</u>	<u>92,450</u>	<u>-</u>
Net Decrease in Cash and Cash Equivalents	(7,592,489)	(7,592,489)	-
Cash and Cash Equivalents, Beginning	<u>38,726,150</u>	<u>38,726,150</u>	<u>-</u>
Cash and Cash Equivalents, Ending	<u>\$ 31,133,661</u>	<u>\$ 31,133,661</u>	<u>\$ -</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Used by Operating Activities</b>			
Operating Income (Loss)	\$ 11,977,715	\$ 11,987,494	\$ (9,779)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used by Operating Activities:			
Change in Assets and Liabilities:			
Decrease in Unearned Revenue	(1,543,553)	(1,543,553)	-
Decrease in Accounts Receivable	20,277	20,277	-
Increase in Due from Other Agencies	(32,533)	(32,533)	-
Decrease in Restricted Cash with Fiscal Agent	10,000	10,000	-
Increase (decrease) in Compensated Absences Payable	38,799	(6,918)	45,717
Decrease in Accounts Payable	(75,189)	(490)	(74,699)
Increase in Due from Governmental Funds	(17,265,821)	(16,698,082)	(567,739)
Increase (Decrease) in Estimated Insurance Claims Payable	(814,634)	(1,421,134)	606,500
Total Adjustments	<u>(19,662,654)</u>	<u>(19,672,433)</u>	<u>9,779</u>
Net Cash Used by Operating Activities	<u>\$ (7,684,939)</u>	<u>\$ (7,684,939)</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, 2011**

	Internal Accounts			June 30, 2011
	July 1, 2010	Additions	Deletions	
<b>ASSETS</b>				
Cash	\$ 738,200	\$ 20,043,079	\$ 20,077,063	\$ 704,216
Investments	5,963,618	1,180,613	1,454,488	5,689,743
Accounts Receivable	234,995	6,733	-	241,728
Inventory	419,696	426,969	446,276	400,389
<b>Total Assets</b>	<b>\$ 7,356,509</b>	<b>\$ 21,657,394</b>	<b>\$ 21,977,827</b>	<b>\$ 7,036,076</b>
<b>LIABILITIES</b>				
Accounts Payable and Other Current Liabilities	\$ 7,356,509	\$ 21,533,751	\$ 21,854,184	\$ 7,036,076
<b>Total Liabilities</b>	<b>\$ 7,356,509</b>	<b>\$ 21,533,751</b>	<b>\$ 21,854,184</b>	<b>\$ 7,036,076</b>

## **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 Preparatory & Fitness Academy, Inc., Bonita Springs Charter School, Cape Coral Charter School, Coronado High School, Ft. Myers Preparatory & Fitness Academy, Inc., Gateway Charter School, Gateway Intermediate Charter School, Gateway Charter High School, Goodwill L.I.F.E. Academy, The Island School, Inc., Lee Charter Academy, 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 Academy.

**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, 2011**

	<b>Charter Schools</b>			
	<b>Bonita Springs Preparatory &amp; Fitness Academy, Inc.</b>	<b>Bonita Springs Charter School</b>	<b>Cape Coral Charter School</b>	<b>Coronado High School</b>
<b>ASSETS</b>				
Cash	\$ 122	\$ 2,114,264	\$ 510,834	\$ 331,530
Accounts receivable, net	21,013	-	1,237	-
Deposits Receivable	-	130,183	83,529	-
Due from other Agencies	-	18,236	2,024	-
Due from Fiduciary Funds	-	10,154	-	-
Prepaid Expenses	-	963	17,806	-
<b>Capital assets:</b>				
Improvements other than Buildings	-	117,585	64,007	-
Less Accumulated Depreciation	-	(89,194)	(9,785)	-
Buildings	50,000	-	17,721,743	-
Less Accumulated Depreciation	(11,765)	-	(1,882,937)	-
Furniture, Fixtures and Equipment	-	1,358,511	334,424	140,958
Less Accumulated Depreciation	-	(1,293,915)	(280,171)	(40,847)
Software	-	-	-	-
Less Accumulated Amortization	-	-	-	-
<b>Total Assets</b>	<b>59,370</b>	<b>2,366,787</b>	<b>16,562,711</b>	<b>431,641</b>
<b>LIABILITIES</b>				
Salaries and Wages Payable	-	-	-	-
Accounts Payable	21,135	942,434	392,452	213,921
Unearned Revenue	-	274,136	120,624	-
Due to other Agencies	-	-	614	-
<b>Noncurrent liabilities:</b>				
<b>Portion due within one year:</b>				
Notes Payable	-	-	-	-
Obligations under Capital Lease	-	-	354,763	-
<b>Portion due after one year:</b>				
Notes Payable	-	-	-	-
Obligations under Capital Lease	-	-	18,596,061	-
<b>Total Liabilities</b>	<b>21,135</b>	<b>1,216,570</b>	<b>19,464,514</b>	<b>213,921</b>
<b>NET ASSETS</b>				
Invested in Capital Assets, net of related debt	38,235	92,987	(1,180,395)	100,111
<b>Restricted for:</b>				
Capital Projects	-	-	-	97,972
Other Purposes	-	-	-	-
<b>Unrestricted</b>	<b>-</b>	<b>1,057,230</b>	<b>(1,721,408)</b>	<b>19,637</b>
<b>Total net assets- Component Units</b>	<b>\$ 38,235</b>	<b>\$ 1,150,217</b>	<b>\$ (2,901,803)</b>	<b>\$ 217,720</b>

<b>Ft. Myers Preparatory &amp; Fitness Academy, Inc.</b>	<b>Gateway Charter School</b>	<b>Gateway Intermediate Charter School</b>	<b>Gateway Charter High School</b>	<b>Goodwill L.I.F.E. Academy</b>	<b>The Island School, Inc.</b>
\$ 122	\$ 3,493,125	\$ 2,564,576	\$ 624,874	\$ 10,619	\$ 161,928
31,801	371,679	-	96,080	-	-
-	50,712	22,956	55,128	-	-
-	12,180	3,480	15,815	-	-
-	4,754	-	-	-	-
-	3,136	550	3,870	3,190	1,789
-	97,468	-	206,737	1,200	-
-	(53,775)	-	(121,543)	(490)	-
-	21,495,982	-	13,338,119	-	2,940,609
-	(2,283,950)	-	(1,417,175)	-	(226,355)
-	966,480	276,072	1,056,140	3,339	177,164
-	(884,206)	(184,176)	(1,017,582)	(3,339)	(74,554)
-	-	-	-	-	-
-	-	-	-	-	-
<u>31,923</u>	<u>23,273,585</u>	<u>2,683,458</u>	<u>12,840,463</u>	<u>14,519</u>	<u>2,980,581</u>
-	-	-	-	25,323	5,205
31,923	982,462	658,107	499,544	6,400	4,105
-	224,267	210,898	179,851	-	-
-	-	-	7,856	-	-
-	-	-	-	-	10,674
-	423,598	-	264,748	-	-
-	-	-	-	-	7,140
-	22,204,252	-	13,877,656	-	-
<u>31,923</u>	<u>23,834,579</u>	<u>869,005</u>	<u>14,829,655</u>	<u>31,723</u>	<u>27,124</u>
-	(1,437,397)	91,896	(846,304)	710	2,816,864
-	-	-	-	-	-
-	-	-	-	-	40,419
-	876,303	1,722,557	(1,142,888)	(17,914)	96,174
<u>\$ -</u>	<u>\$ (561,094)</u>	<u>\$ 1,814,453</u>	<u>\$ (1,989,192)</u>	<u>\$ (17,204)</u>	<u>\$ 2,953,457</u>

(Continue)

**THE SCHOOL DISTRICT OF LEE COUNTY**  
**COMBINING SCHEDULE OF NET ASSETS**  
**COMPONENT UNITS**  
**June 30, 2011**

	<b>Charter Schools</b>		
	<b>Lee Charter Academy, Inc.</b>	<b>Lee Alternative Charter High School</b>	<b>LIFE Skills Center Lee County, Inc.</b>
<b>ASSETS</b>			
Cash	\$ 71,418	\$ 323,923	\$ 48,780
Accounts receivable, net	10,161	1,207	68,025
Deposits Receivable	-	-	-
Due from other Agencies	33,797	-	-
Due from Fiduciary Funds	-	-	-
Prepaid Expenses	38,000	8,702	2,515
<b>Capital assets:</b>			
Improvements other than Buildings	-	-	-
Less Accumulated Depreciation	-	-	-
Buildings and Fixed Equipment	-	36,366	-
Less Accumulated Depreciation	-	(14,618)	-
Furniture, Fixtures and Equipment	68,167	17,982	7,230
Less Accumulated Depreciation	(53,112)	(16,420)	(6,226)
Computer Software	-	-	72,638
Less Accumulated Amortization	-	-	(62,437)
<b>Total Assets</b>	<b>168,431</b>	<b>357,142</b>	<b>130,525</b>
<b>LIABILITIES</b>			
Salaries and Wages Payable	21,622	-	-
Accounts Payable	43,276	211,056	81,678
Unearned Revenue	-	-	-
Due to other Agencies	-	-	-
<b>Noncurrent liabilities:</b>			
<b>Portion due within one year:</b>			
Notes Payable	55,621	-	-
Obligations under Capital Lease	-	-	-
<b>Portion due after one year:</b>			
Notes Payable	30,715	-	-
Obligations under Capital Lease	-	-	-
<b>Total Liabilities</b>	<b>151,234</b>	<b>211,056</b>	<b>81,678</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, net of related debt	15,055	23,310	11,205
<b>Restricted for:</b>			
Capital Projects	-	-	-
Other Purposes	-	-	-
<b>Unrestricted</b>	<b>2,142</b>	<b>122,776</b>	<b>37,642</b>
<b>Total net assets- Component Units</b>	<b>\$ 17,197</b>	<b>\$ 146,086</b>	<b>\$ 48,847</b>

North Nicholas High School	Richard Milburn Academy of Florida, Inc.	Six Mile Charter Academy	Total Charter Schools	Foundation for Lee County Public Schools, Inc.	Total Component Units
\$ 206,485	\$ 155,455	\$ 1,828,023	\$ 12,446,078	\$ 822,034	\$ 13,268,112
-	35,196	185	636,584	264,566	901,150
-	-	56,738	399,246	-	399,246
-	47,239	20,516	153,287	-	153,287
-	-	17,964	32,872	-	32,872
-	152,804	18,214	251,539	1,448,733	1,700,272
-	-	60,417	547,414	-	547,414
-	-	(7,582)	(282,369)	-	(282,369)
-	748,289	17,929,083	74,260,191	-	74,260,191
-	(517,340)	(1,904,967)	(8,259,107)	-	(8,259,107)
140,958	160,656	1,043,249	5,751,330	73,554	5,824,884
(40,846)	(150,656)	(998,517)	(5,044,567)	(36,447)	(5,081,014)
-	-	-	72,638	-	72,638
-	-	-	(62,437)	-	(62,437)
<u>306,597</u>	<u>631,643</u>	<u>18,063,323</u>	<u>80,902,699</u>	<u>2,572,440</u>	<u>83,475,139</u>
-	-	-	52,150	-	52,150
177,382	225,233	600,366	5,091,474	385	5,091,859
-	-	227,410	1,237,186	-	1,237,186
-	-	-	8,470	-	8,470
-	128,392	-	194,687	-	194,687
-	-	354,763	1,397,872	-	1,397,872
-	74,029	-	111,884	-	111,884
-	-	18,596,060	73,274,029	-	73,274,029
<u>177,382</u>	<u>427,654</u>	<u>19,778,599</u>	<u>81,367,752</u>	<u>385</u>	<u>81,368,137</u>
100,112	38,528	(1,206,382)	(1,341,465)	37,107	(1,304,358)
-	-	-	97,972	-	97,972
-	-	-	40,419	2,662,078	2,702,497
29,103	165,461	(508,894)	737,921	(127,130)	610,791
<u>\$ 129,215</u>	<u>\$ 203,989</u>	<u>\$ (1,715,276)</u>	<u>\$ (465,153)</u>	<u>\$ 2,572,055</u>	<u>\$ 2,106,902</u>

(Concluded)

THE SCHOOL DISTRICT OF LEE COUNTY  
 COMBINING SCHEDULE OF ACTIVITIES  
 COMPONENT UNITS  
 FOR THE YEAR ENDED JUNE 30, 2011

	Bonita Springs Preparatory & Fitness Academy, Inc.	Bonita Springs Charter School	Cape Coral Charter School	Coronado High School
<b>Governmental activities</b>				
<b>Expenses</b>				
Instruction	\$ 684,662	\$ 3,825,829	\$ 1,753,821	\$ 713,842
Pupil Personnel Services	-	150,829	150,325	199,986
Instructional Media Services	-	3,560	-	-
Instruction and Curriculum Development Services	-	17,743	18,765	-
Instructional Staff Training Services	-	-	-	-
Instruction Related Technology	-	-	-	-
Board	17,929	19,320	24,572	53,671
General Administration	406,394	681,614	570,507	1,044,862
School Administration	83,080	-	-	-
Facilities Services	145,196	-	-	1,598
Fiscal Services	3,757	1,449,240	4,454	-
Food Services	73,257	429,446	214,782	52
Central Services	46,841	26,256	14,228	-
Pupil Transportation Services	51,342	812,677	312,570	-
Operation of Plant	50,695	2,437,993	1,051,510	375,259
Maintenance of Plant	29,713	-	-	-
Community Services	-	41,319	36,792	-
Unallocated Interest and Fiscal Charges on Long-term Debt	-	-	1,019,096	-
Unallocated Depreciation Expense *	-	-	-	-
<b>Total Expenses</b>	<b>\$ 1,592,866</b>	<b>\$ 9,895,826</b>	<b>\$ 5,171,422</b>	<b>\$ 2,389,270</b>
<b>Program Revenues</b>				
<b>Charges for Services</b>				
Instruction	\$ -	\$ -	\$ 12,896	\$ -
Food Services	16,353	151,261	45,179	-
Community Services	-	139,201	70,416	-
<b>Total Charges for Services</b>	<b>16,353</b>	<b>290,462</b>	<b>128,491</b>	<b>-</b>
<b>Operating Grants and Contributions</b>				
Instruction	-	24,689	14,040	-
Instructional Staff Training Services	-	-	-	-
Instruction Related Technology	-	-	-	-
General Administration	-	-	-	-
Food Services	-	276,115	175,308	-
Central Services	-	24,254	10,872	-
Pupil Transportation Services	-	-	-	-
Operation of Plant	-	-	-	212,157
Community Services	-	-	-	-
<b>Total Operating Grants and Contributions</b>	<b>-</b>	<b>325,058</b>	<b>200,220</b>	<b>212,157</b>
<b>Capital Grants and Contributions</b>				
Instruction	59,062	-	-	-
General Administration	3,109	-	-	-
Facilities Services	-	-	-	-
Fiscal Services	-	-	-	-
Food Services	60,179	-	-	-
Pupil Transportation Services	-	-	-	-
Operation of Plant	-	539,377	234,620	-
<b>Total Capital Grants and Contributions</b>	<b>122,350</b>	<b>539,377</b>	<b>234,620</b>	<b>-</b>
<b>Total Program Revenues</b>	<b>138,703</b>	<b>1,154,897</b>	<b>563,331</b>	<b>212,157</b>
<b>Net Program Revenues</b>	<b>(1,454,163)</b>	<b>(8,740,929)</b>	<b>(4,608,091)</b>	<b>(2,177,113)</b>
<b>General Revenues</b>				
Other Federal Sources not restricted to specific programs	177,279	-	-	-
Other State Sources not restricted to specific programs	1,262,996	8,995,431	3,907,189	2,261,429
Other Local Sources not restricted to specific programs	2,123	35,557	8,163	-
Unrestricted Investment Earnings	-	-	669,895	-
<b>Total General Revenues, Special Items, and Transfers</b>	<b>1,442,398</b>	<b>9,030,988</b>	<b>4,585,247</b>	<b>2,261,429</b>
<b>Changes in Net Assets</b>	<b>(11,765)</b>	<b>290,059</b>	<b>(22,844)</b>	<b>84,316</b>
Net Assets - July 1, 2010	-	860,158	(2,878,959)	133,404
Adjustment to Beginning Net Assets	50,000	-	-	-
Net Assets - July 1, 2010, Restated	50,000	860,158	(2,878,959)	133,404
<b>Net Assets-June 30, 2011</b>	<b>\$ (11,765)</b>	<b>\$ 1,150,217</b>	<b>\$ (2,901,803)</b>	<b>\$ 217,720</b>

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

<b>Charter Schools</b>					
<b>Ft. Myers Preparatory &amp; Fitness Academy, Inc.</b>	<b>Gateway Charter School</b>	<b>Gateway Intermediate Charter School</b>	<b>Gateway Charter High School</b>	<b>Goodwill L.I.F.E. Academy</b>	<b>The Island School, Inc.</b>
\$ 598,862	\$ 2,866,573	\$ 2,720,167	\$ 2,539,748	\$ 224,458	\$ 299,214
-	97,786	115,942	181,485	-	-
-	10,196	680	-	-	-
-	-	7,620	10,360	-	2,149
-	-	-	11,439	-	-
-	-	-	-	-	-
10,319	20,910	17,655	20,498	56,091	-
148,323	668,131	480,536	561,339	-	177,746
133,578	-	-	-	136,559	-
210,414	-	-	-	68,400	-
2,936	886,639	871,972	348,100	-	16,271
98,425	474,823	-	351,668	7,624	-
24,864	21,729	23,445	21,361	-	-
83,509	499,664	437,598	750,616	103,598	-
23,924	1,540,701	995,518	967,791	29,706	113,078
39,554	-	-	-	177	-
-	102,064	-	-	-	-
-	1,214,950	-	757,194	-	-
-	-	-	-	120	-
<u>\$ 1,374,708</u>	<u>\$ 8,404,166</u>	<u>\$ 5,671,133</u>	<u>\$ 6,521,599</u>	<u>\$ 626,733</u>	<u>\$ 608,458</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,931	151,598	-	92,106	1,601	-
-	181,186	-	-	-	-
<u>1,931</u>	<u>332,784</u>	<u>-</u>	<u>92,106</u>	<u>1,601</u>	<u>-</u>
-	17,098	14,890	21,519	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	374,124	-	248,122	-	-
-	19,049	19,492	16,852	-	-
-	-	-	-	15,423	-
-	-	-	-	-	-
-	-	-	-	-	-
-	410,271	34,382	286,493	15,423	-
77,707	-	-	-	-	-
2,416	-	-	-	-	-
-	-	-	-	23,190	-
-	-	-	-	-	-
98,425	-	-	-	-	-
-	-	-	-	-	-
-	413,295	463,508	520,531	-	-
178,548	413,295	463,508	520,531	23,190	-
180,479	1,156,350	497,890	899,130	40,214	-
<u>(1,194,229)</u>	<u>(7,247,816)</u>	<u>(5,173,243)</u>	<u>(5,622,469)</u>	<u>(586,519)</u>	<u>(608,458)</u>
153,096	-	-	-	-	-
1,040,385	7,294,666	6,641,027	5,548,752	518,618	329,476
748	8,694	(1,159,776)	(77,989)	67,781	151,263
-	470,819	-	-	-	9,411
<u>1,194,229</u>	<u>7,774,179</u>	<u>5,481,251</u>	<u>5,470,763</u>	<u>586,399</u>	<u>490,150</u>
-	526,363	308,008	(151,706)	(120)	(118,308)
26,722	(1,087,457)	1,506,445	(1,837,486)	(17,084)	3,071,765
<u>(26,722)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	(1,087,457)	1,506,445	(1,837,486)	(17,084)	3,071,765
<u>\$ 26,722</u>	<u>\$ (561,094)</u>	<u>\$ 1,814,453</u>	<u>\$ (1,989,192)</u>	<u>\$ (17,204)</u>	<u>\$ 2,953,457</u>

(Continue)



THE SCHOOL DISTRICT OF LEE COUNTY  
 COMBINING SCHEDULE OF ACTIVITIES  
 COMPONENT UNITS  
 FOR THE YEAR ENDED JUNE 30, 2011

	Charter Schools			
	Lee Charter Academy, Inc.	Lee Alternative Charter High School	LIFE Skills Center Lee County, Inc.	North Nicholas High School
<b>Governmental activities</b>				
<b>Expenses</b>				
Instruction	\$ 773,231	\$ 397,859	\$ 620,639	\$ 714,008
Pupil Personnel Services	-	31,808	94,428	140,549
Instructional Media Services	-	-	-	-
Instruction and Curriculum Development Services	-	4,190	-	-
Instructional Staff Training Services	-	2,947	11,290	-
Instruction Related Technology	-	-	115,903	-
Board	179,686	19,284	58,659	52,885
General Administration	-	225,686	196,089	525,044
School Administration	194,684	119,488	275,174	-
Facilities Services	134,872	156,988	322,801	2,203
Fiscal Services	63,464	231,894	-	-
Food Services	178,159	16,605	-	1,555
Central Services	-	248	-	-
Pupil Transportation Services	62,000	7,805	27,417	-
Operation of Plant	182,452	129,845	89,976	493,231
Maintenance of Plant	23,553	931	13,993	-
Community Services	5,146	-	-	-
Interest and Fiscal Charges on Long-term Debt	3,830	-	-	-
Unallocated Depreciation Expense *	8,204	-	-	-
<b>Total Expenses</b>	<b>\$ 1,809,281</b>	<b>\$ 1,345,578</b>	<b>\$ 1,826,369</b>	<b>\$ 1,929,475</b>
<b>Program Revenues</b>				
<b>Charges for Services</b>				
Instruction	\$ -	\$ -	\$ -	\$ -
Food Services	686	-	-	-
Community Services	-	-	-	-
<b>Total Charges for Services</b>	<b>686</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Operating Grants and Contributions</b>				
Instruction	-	-	69,207	-
Instructional Staff Training Services	-	2,947	-	-
Instruction Related Technology	-	-	4,108	-
General Administration	-	-	3,643	-
Food Services	112,815	-	-	-
Central Services	-	-	-	-
Pupil Transportation Services	-	-	-	-
Operation of Plant	-	-	-	161,957
Community Services	-	-	-	-
<b>Total Operating Grants and Contributions</b>	<b>112,815</b>	<b>2,947</b>	<b>76,958</b>	<b>161,957</b>
<b>Capital Grants and Contributions</b>				
Instruction	124,796	-	-	-
General Administration	-	-	-	-
Facilities Services	-	-	-	-
Fiscal Services	78,030	-	-	-
Food Services	-	-	-	-
Pupil Transportation Services	19,921	-	-	-
Operation of Plant	-	-	-	-
<b>Total Capital Grants and Contributions</b>	<b>222,747</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>336,248</b>	<b>2,947</b>	<b>76,958</b>	<b>161,957</b>
<b>Net Program Revenues</b>	<b>(1,473,033)</b>	<b>(1,342,631)</b>	<b>(1,749,411)</b>	<b>(1,767,518)</b>
<b>General Revenues</b>				
Other Federal Sources not restricted to specific programs	-	80,221	-	-
Other State Sources not restricted to specific programs	1,321,742	1,525,646	1,624,477	1,713,051
Other Local Sources not restricted to specific programs	122,309	-	33,272	23,624
Unrestricted Investment Earnings	-	-	-	-
<b>Total General Revenues, Special Items, and Transfers</b>	<b>1,444,051</b>	<b>1,605,867</b>	<b>1,657,749</b>	<b>1,736,675</b>
<b>Changes in Net Assets</b>	<b>(28,982)</b>	<b>263,236</b>	<b>(91,662)</b>	<b>(30,843)</b>
Net Assets-Beginning	46,179	(88,041)	140,509	160,058
Adjustment to Beginning Net Assets	-	(29,109)	-	-
Net Assets - July 1, 2010	46,179	(117,150)	140,509	160,058
Net Assets-June 30, 2011	<b>\$ 17,197</b>	<b>\$ 175,195</b>	<b>\$ 48,847</b>	<b>\$ 129,215</b>

Richard Milburn Academy of Florida, Inc.	Six Mile Charter Academy	Total Charter Schools	Foundation for Lee County Public Schools, Inc.	Total Component Units
\$ 741,031	\$ 3,383,490	\$ 22,857,434	\$ -	\$ 22,857,434
80,282	18,891	1,262,311	-	1,262,311
-	13,960	28,396	-	28,396
3,928	-	64,755	-	64,755
4,644	-	30,320	-	30,320
-	-	115,903	-	115,903
22,120	18,163	591,762	-	591,762
194,339	1,019,373	6,899,983	-	6,899,983
326,832	-	1,269,395	-	1,269,395
208,050	-	1,250,522	-	1,250,522
270,072	959,226	5,108,025	-	5,108,025
66,540	331,248	2,244,184	-	2,244,184
1,197	22,349	202,518	-	202,518
15,400	624,937	3,789,133	-	3,789,133
143,377	1,113,338	9,738,394	-	9,738,394
4,311	-	112,232	-	112,232
52,770	75,219	313,310	1,608,826	1,922,136
24,450	1,015,845	4,035,365	-	4,035,365
-	-	8,324	-	8,324
<u>\$ 2,159,343</u>	<u>\$ 8,596,039</u>	<u>\$ 59,922,266</u>	<u>\$ 1,608,826</u>	<u>\$ 61,531,092</u>
\$ -	\$ -	\$ 12,896	\$ -	\$ 12,896
-	91,734	552,449	-	552,449
-	118,852	509,655	-	509,655
-	210,586	1,075,000	-	1,075,000
-	20,015	181,458	-	181,458
4,644	-	7,591	-	7,591
-	-	4,108	-	4,108
-	-	3,643	-	3,643
51,058	259,201	1,496,743	-	1,496,743
-	18,975	109,494	-	109,494
-	-	15,423	-	15,423
-	-	374,114	-	374,114
-	-	-	1,668,135	1,668,135
55,702	298,191	2,192,574	1,668,135	3,860,709
-	-	261,565	-	261,565
-	-	5,525	-	5,525
-	-	23,190	-	23,190
-	-	78,030	-	78,030
-	-	158,604	-	158,604
-	-	19,921	-	19,921
-	446,615	2,617,946	-	2,617,946
-	446,615	3,164,781	-	3,164,781
55,702	955,392	6,432,355	1,668,135	8,100,490
<u>(2,103,641)</u>	<u>(7,640,647)</u>	<u>(53,489,911)</u>	<u>59,309</u>	<u>(53,430,602)</u>
83,527	-	494,123	-	494,123
1,749,515	7,431,980	53,166,380	-	53,166,380
81,398	187,390	(515,443)	-	(515,443)
-	-	1,150,125	1,316	1,151,441
1,914,440	7,619,370	54,295,185	1,316	54,296,501
(189,201)	(21,277)	805,274	60,625	865,899
502,006	(1,693,999)	(1,155,780)	1,082,303	(73,477)
(108,816)	-	(114,647)	1,429,127	1,314,480
393,190	(1,693,999)	(1,270,427)	2,511,430	1,241,003
<u>\$ 312,805</u>	<u>\$ (1,715,276)</u>	<u>\$ (465,153)</u>	<u>\$ 1,142,928</u>	<u>\$ 2,106,902</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.

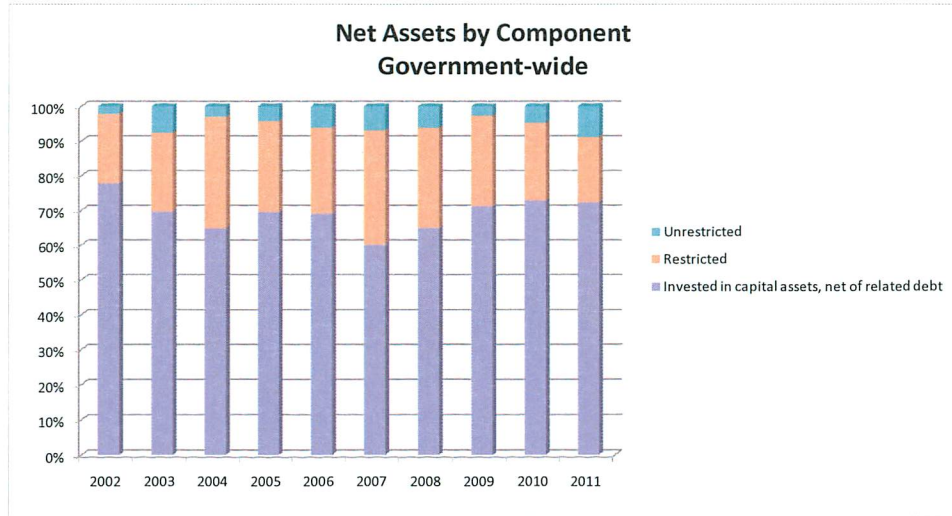
### **Operating Information**

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.

**THE SCHOOL DISTRICT OF LEE COUNTY  
NET ASSETS BY COMPONENT  
LAST 10 FISCAL YEARS  
(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	June 30, 2011
<b>Primary Government:</b>										
Invested in capital assets, net of related debt	\$ 341,261,912	\$ 352,866,238	\$ 388,555,258	\$ 477,062,455	\$ 571,920,963	\$ 647,961,848	\$ 802,535,660	\$ 889,658,611	\$ 903,539,567	\$ 896,693,252
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	233,649,374
Unrestricted	9,867,717	38,853,442	18,169,930	29,609,049	51,326,732	75,881,940	77,204,138	34,495,460	59,858,412	110,911,102
<b>Total Primary Government net assets</b>	<b>\$ 438,942,886</b>	<b>\$ 507,192,608</b>	<b>\$ 599,933,657</b>	<b>\$ 686,356,374</b>	<b>\$ 829,108,561</b>	<b>\$ 1,078,770,352</b>	<b>\$ 1,236,775,091</b>	<b>\$ 1,249,678,202</b>	<b>\$ 1,241,762,284</b>	<b>\$ 1,241,253,728</b>

Source: District Records



**THE SCHOOL DISTRICT OF LEE COUNTY**  
**CHANGES IN NET ASSETS**  
**LAST 10 FISCAL YEARS**  
**(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	June 30, 2011
<b>Expenses</b>										
<b>Primary Government Activities</b>										
Instruction	\$ 210,040,307	\$ 226,736,587	\$ 266,239,681	\$ 293,672,876	\$ 325,920,730	\$ 381,883,870	\$ 415,766,690	\$ 425,450,532	\$ 417,050,879	\$ 433,180,316
Pupil Personnel Services	20,045,383	21,568,348	22,129,886	22,894,724	23,553,147	25,863,197	28,665,777	27,907,162	26,709,653	27,024,831
Instructional Media Services	5,491,322	6,176,917	6,767,862	7,421,619	6,455,204	6,872,270	7,306,522	6,438,815	4,827,097	4,318,165
Instruction and Curriculum Development Services	10,306,142	9,966,224	12,269,981	15,097,751	15,186,450	18,749,869	16,110,826	15,031,956	13,444,598	12,894,502
Instructional Staff Training Services	5,415,075	5,534,462	5,800,435	6,864,314	8,732,316	7,597,640	11,870,616	9,933,041	11,214,029	11,214,029
Instruction Related Technology	-	-	-	-	3,593,376	3,913,016	4,451,217	4,679,712	4,619,892	4,658,335
Board	543,763	606,939	632,911	694,010	757,351	865,352	939,760	902,082	790,180	787,388
General Administration	4,168,876	4,448,714	3,785,102	4,471,999	4,163,236	4,547,581	4,725,583	3,918,822	4,216,080	4,783,156
School Administration	24,210,897	26,139,601	29,142,148	32,820,271	34,964,147	39,619,562	42,946,103	43,869,820	41,351,915	42,405,924
Facilities Services	13,214,295	10,011,091	22,396,538	38,278,578	41,874,153	75,106,103	77,705,092	81,289,058	108,850,204	90,701,253
Fiscal Services	2,510,598	2,593,152	2,605,593	2,913,495	3,239,333	3,824,042	3,771,067	3,803,339	3,741,288	3,580,452
Food Services	16,350,467	19,249,936	22,663,843	25,326,599	27,827,908	30,743,683	30,718,899	28,478,537	27,578,058	29,423,128
Central Services	7,956,305	8,841,650	10,892,352	11,591,711	7,520,547	8,069,623	10,198,141	8,371,211	9,077,173	6,087,084
Pupil Transportation Services	24,711,073	27,633,293	32,593,062	36,570,000	42,899,046	45,328,068	51,400,897	47,032,022	46,101,766	47,477,640
Operation of Plant	35,401,421	37,803,943	44,306,848	51,262,690	51,606,094	66,965,161	69,654,630	66,849,955	64,865,149	63,872,875
Maintenance of Plant	6,195,172	6,701,801	12,027,363	16,953,377	15,421,087	15,329,782	16,736,525	15,777,536	15,418,759	14,989,305
Administrative Technology Services	-	-	-	-	3,548,397	3,747,997	4,067,658	4,768,118	4,751,386	5,378,856
Community Services	1,063,825	2,753,450	3,134,117	5,859,463	7,175,904	7,603,677	7,120,488	5,939,533	4,249,023	4,139,953
Unallocated 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	21,910,292
Unallocated Depreciation Expense	12,759,496	14,695,517	13,787,635	12,582,801	13,915,710	79,880	-	-	-	-
<b>Total Primary Government Expenses</b>	<b>\$ 412,916,898</b>	<b>\$ 444,653,893</b>	<b>\$ 529,081,118</b>	<b>\$ 608,097,127</b>	<b>\$ 662,699,727</b>	<b>\$ 772,963,885</b>	<b>\$ 830,490,990</b>	<b>\$ 825,525,544</b>	<b>\$ 830,057,332</b>	<b>\$ 830,797,428</b>
<b>Program Revenues</b>										
<b>Primary Government Activities</b>										
<b>Charges for Services</b>										
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	\$ 8,229,276
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	6,779,082
Bus Trips	604,024	563,124	647,348	703,561	677,493	689,674	568,513	452,847	511,233	446,533
Operating Grants & Contributions	24,481,582	25,791,652	28,828,740	32,254,708	32,261,688	36,121,186	39,718,603	40,865,538	24,381,950	26,890,829
Capital Grants & Contributions	17,689,364	10,141,888	29,941,482	11,796,757	15,324,949	96,832,779	66,398,496	18,544,595	7,283,648	9,461,466
<b>Total Primary Government Program Revenues</b>	<b>\$ 55,932,868</b>	<b>\$ 50,872,789</b>	<b>\$ 75,067,048</b>	<b>\$ 61,026,838</b>	<b>\$ 67,083,696</b>	<b>\$ 153,824,840</b>	<b>\$ 126,770,599</b>	<b>\$ 76,644,561</b>	<b>\$ 47,035,417</b>	<b>\$ 51,907,188</b>
<b>Net (Expense)/Revenue</b>										
<b>Total Primary Government Net Expense</b>	<b>\$ (356,984,030)</b>	<b>\$ (383,781,104)</b>	<b>\$ (454,014,070)</b>	<b>\$ (547,068,489)</b>	<b>\$ (595,616,031)</b>	<b>\$ (619,139,045)</b>	<b>\$ (703,720,391)</b>	<b>\$ (748,880,983)</b>	<b>\$ (783,021,915)</b>	<b>\$ (778,890,242)</b>
<b>General Revenues and Other Changes in Net Assets</b>										
<b>Primary Government Activities</b>										
<b>Property Taxes:</b>										
Levied for Operational Purposes	\$ 208,203,525	\$ 234,154,931	\$ 265,674,766	\$ 295,318,760	\$ 364,324,060	\$ 435,984,501	\$ 467,802,060	\$ 436,127,971	\$ 395,734,805	\$ 383,037,327
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	70,064,384
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	80,355,668
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	117,412,700
Other State Sources	2,466,045	2,541,454	2,783,500	58,687,273	76,511,242	100,540,492	118,906,905	118,863,779	110,419,837	115,357,177
Other Miscellaneous Sources	6,824,411	10,983,647	41,756,258	60,182,359	65,140,507	49,112,891	7,751,265	9,386,766	15,859,537	8,762,613
Unrestricted Investment Earnings	4,297,425	4,232,437	4,683,237	10,628,240	20,213,157	27,801,337	16,594,580	(1,329,066)	5,512,349	3,391,817
<b>Special Item:</b>										
Loss on the write-off of Capital Assets	(499,629)	(18,111,810)	-	-	-	-	-	-	-	-
<b>Total Primary Government</b>	<b>\$ 423,100,475</b>	<b>\$ 461,622,676</b>	<b>\$ 546,755,118</b>	<b>\$ 633,491,205</b>	<b>\$ 739,166,424</b>	<b>\$ 868,800,837</b>	<b>\$ 861,725,130</b>	<b>\$ 780,661,837</b>	<b>\$ 775,105,997</b>	<b>\$ 778,381,686</b>
<b>Changes in Net Assets</b>										
<b>Total Primary Government</b>	<b>\$ 66,116,445</b>	<b>\$ 67,841,572</b>	<b>\$ 92,741,048</b>	<b>\$ 86,422,716</b>	<b>\$ 143,550,393</b>	<b>\$ 249,661,792</b>	<b>\$ 158,004,739</b>	<b>\$ 31,780,854</b>	<b>\$ (7,915,918)</b>	<b>\$ (508,556)</b>

Source: District Records

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

<b>Post-GASB 54</b>										
<b>June 30, 2011</b>										
<b>General Fund</b>										
Nonspendable	\$ 1,689,456									
Restricted	6,379,538									
Committed	67,469,962									
Assigned	2,468,093									
Unassigned	<u>87,579,373</u>									
Total General Fund	<u>\$ 165,586,422</u>									
<b>All Other Governmental Funds</b>										
Nonspendable	\$ 274,957									
Restricted	259,742,244									
Assigned	<u>2,067,004</u>									
Total All Other Governmental Funds	<u>\$ 262,084,205</u>									
		<b>Pre-GASB 54</b>								
		<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>
<b>General Fund</b>										
Reserved	\$ 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>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>113,530,351</u>	
Total General Fund	<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>\$ 133,667,969</u>	
<b>All Other Governmental Funds</b>										
Reserved	\$ 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	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>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>\$ 77,950,202</u>	<u>\$ 166,136,134</u>	<u>\$ 362,991,401</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, 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	June 30, 2011
<b>Federal Direct Sources:</b>										
Reserve Officers Training Corps (ROTC)	\$ 413,470	\$ 453,663	\$ 552,904	\$ 574,126	\$ 668,825	\$ 844,945	\$ 776,072	\$ 912,913	\$ 979,958	\$ 1,089,726
Impact Aid	-	-	-	12,109	70,334	11,298	9,444	4,925	2,355	20,234
Miscellaneous Federal Direct	8,538,743	8,091,670	5,867,285	7,022,559	6,689,249	5,826,108	6,886,362	6,910,777	8,974,884	9,946,147
<b>Total Federal Direct</b>	<b>8,952,213</b>	<b>8,545,333</b>	<b>6,420,189</b>	<b>7,608,794</b>	<b>7,428,408</b>	<b>6,682,351</b>	<b>7,671,878</b>	<b>7,828,615</b>	<b>9,957,197</b>	<b>11,056,107</b>
<b>Federal Through State Sources:</b>										
Medicaid	-	-	-	-	1,052,361	1,725,959	1,099,769	1,313,278	2,420,605	2,057,558
Food Service	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	26,464,668
Other Federal Through State Grants	23,621,591	26,485,116	34,543,829	38,747,148	42,745,326	42,835,175	40,855,686	41,528,403	79,887,323	104,305,269
<b>Total Federal Through State Sources</b>	<b>34,589,477</b>	<b>38,452,789</b>	<b>47,838,666</b>	<b>53,520,204</b>	<b>57,967,728</b>	<b>60,932,757</b>	<b>60,810,090</b>	<b>63,272,013</b>	<b>106,166,134</b>	<b>132,827,495</b>
<b>State Sources:</b>										
Florida Education Finance Program (FEFP)	86,110,266	83,760,772	80,086,014	76,199,675	49,123,084	42,769,721	16,024,448	17,817,291	65,517,716	80,355,668
Workforce Development Program	-	-	-	-	-	-	11,122,931	10,531,771	-	9,473,074
Categorical Education Programs	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	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	312,199
CO & DS Distributed to Districts	359,821	444,785	497,874	563,131	749,074	873,572	936,036	929,162	916,066	965,172
Interest on Undistributed CO & DS	56,255	49,916	26,546	36,273	41,026	79,789	77,087	32,368	35,937	37,441
CO & DS withheld for SBE/COBI Bonds	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	2,253,026
State License Tax	546,138	524,442	517,672	527,359	533,549	504,472	497,288	491,382	496,031	500,399
Food Services	400,181	405,075	403,476	411,087	436,038	432,956	447,046	478,189	511,914	528,273
SBE/COBI Bond Interest	11,917	4,871	4,794	5,258	19,590	17,735	20,385	678	1,333	326
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	12,417,801	7,467,831	6,573,305	4,691,102	8,010,480	19,614,456	21,475,040	8,973,242	1,088,067	3,152,602
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	92,645,707
Charter School Capital Outlay	101,520	256,188	888,420	1,227,211	1,280,088	2,974,782	3,351,654	4,732,956	4,891,005	4,540,302
State Grants and Other State Sources	1,703,937	1,544,854	794,448	656,397	2,030,894	898,136	977,110	854,470	483,948	7,926,158
<b>Total State Sources</b>	<b>140,975,764</b>	<b>127,845,826</b>	<b>155,621,167</b>	<b>151,074,190</b>	<b>148,088,952</b>	<b>248,484,944</b>	<b>216,651,248</b>	<b>171,185,319</b>	<b>171,381,804</b>	<b>202,913,597</b>
<b>Taxes and Miscellaneous Sources:</b>										
Ad Valorem Taxes	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	453,101,711
Rent	254,899	238,580	326,668	650,417	391,540	367,553	448,144	507,120	719,824	670,210
Child Care and Adult Course Fees	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	8,229,276
Food Service Sales	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	6,779,082
Interest Income	4,025,231	3,922,443	4,538,463	10,254,366	19,285,614	26,907,286	15,129,178	(1,829,571)	5,417,498	3,299,367
Gifts, Grants and Bequests	290,586	225,494	150,237	102,356	185,326	393,628	467,990	456,611	1,481,048	367,002
Impact Fees	-	-	52,475,050	37,996,060	56,667,317	33,188,509	5,542,570	2,565,553	4,682,432	2,780,641
Local Grants and Other Local Sources	6,637,537	5,750,963	12,368,102	10,834,658	6,663,748	5,761,414	8,221,756	7,664,193	13,044,107	7,447,942
<b>Total Taxes and Miscellaneous Sources</b>	<b>287,204,095</b>	<b>329,777,191</b>	<b>433,554,004</b>	<b>466,505,949</b>	<b>588,588,893</b>	<b>692,961,065</b>	<b>694,558,525</b>	<b>611,308,886</b>	<b>535,415,637</b>	<b>482,675,231</b>
<b>Total Revenues</b>	<b>471,721,549</b>	<b>504,621,139</b>	<b>643,434,026</b>	<b>678,709,137</b>	<b>802,073,981</b>	<b>1,009,061,117</b>	<b>979,691,741</b>	<b>853,594,833</b>	<b>822,920,772</b>	<b>829,472,430</b>



<b>Expenditures</b>										
Instruction	206,946,349	223,570,921	258,251,182	289,282,020	322,291,632	381,370,770	409,764,188	417,694,474	414,895,169	436,605,401
Pupil Personnel Services	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	27,247,673
Instructional Media Services	5,499,694	6,262,138	6,714,465	7,409,275	6,375,896	6,935,178	7,230,806	6,279,903	4,684,420	4,287,385
Instruction & Curriculum Development Services	104,894,645	10,220,915	11,938,103	14,737,999	15,017,594	18,574,977	16,291,484	14,716,327	13,218,730	13,173,766
Instructional Staff Training Services	5,544,858	5,574,628	5,400,028	6,347,554	8,552,490	7,351,042	11,389,286	9,722,620	11,235,522	11,311,146
Instruction Related Technology	-	-	-	-	3,565,431	3,895,081	4,333,682	4,557,907	4,547,890	4,663,130
Board	541,053	593,974	658,242	680,046	736,654	888,663	945,379	879,726	781,919	793,839
General Administration	4,364,117	4,267,474	4,052,416	4,548,480	4,094,353	4,525,851	4,702,827	4,009,500	4,233,091	4,869,615
School Administration	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	42,700,204
Facilities Services	1,327,477	1,690,428	6,010,634	27,784,748	1,787,259	5,717,109	4,813,660	7,853,475	8,817,426	43,208,252
Fiscal Services	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	3,662,302
Food Service	17,987,418	19,067,899	22,174,637	24,620,487	27,036,052	30,150,833	29,819,922	27,258,408	26,979,027	29,239,256
Central Services	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	8,072,928
Pupil Transportation Services	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	47,435,530
Operation of Plant	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	64,057,630
Maintenance of Plant	6,282,466	6,714,959	11,288,313	16,582,061	15,301,821	15,084,733	16,286,982	15,104,396	15,192,197	14,998,770
Administrative Technology Services	-	-	-	-	3,469,726	3,717,669	3,899,495	4,476,119	4,623,126	5,294,441
Community Services	1,063,825	2,753,450	3,109,178	5,826,939	7,130,498	7,535,488	7,048,162	5,875,016	4,186,572	4,080,235
Capital Outlay										
Facilities Acquisition & Construction	46,599,378	50,027,780	151,981,071	223,642,359	220,832,552	277,280,326	195,721,540	133,685,326	87,643,545	4,534,128
Other Capital Outlay	4,838,878	5,910,388	6,473,016	6,692,519	7,184,287	5,188,432	5,195,361	4,125,633	3,302,752	12,034,365
Debt Service										
Principal	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	28,046,604
Interest and Fiscal Charges	10,571,263	13,249,864	18,148,805	23,009,991	24,867,240	27,248,784	26,310,451	25,501,216	23,406,338	22,549,742
<b>Total Expenditures</b>	<b>549,587,861</b>	<b>488,546,482</b>	<b>663,860,746</b>	<b>827,916,094</b>	<b>850,337,486</b>	<b>1,005,852,699</b>	<b>969,442,082</b>	<b>960,028,321</b>	<b>844,372,698</b>	<b>832,866,342</b>
<b>Excess of Revenues</b>										
Over (under) Expenditures	(77,866,312)	16,074,657	(20,426,720)	(149,206,957)	(48,263,505)	3,208,418	10,249,659	(106,433,488)	(21,451,926)	(3,393,912)
<b>Other Financing Sources (Uses)</b>										
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	310,000
Premium on Refunding Bonds	-	6,242	-	-	1,397,799	-	-	-	1,926,424	50,206
Premium on Sale of Bonds	-	-	-	2,290	-	-	-	-	-	-
Proceeds of Loans	-	-	-	-	-	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	50,307,000
Premium on Certificates of Participation	-	140,778	6,143,928	2,687,060	1,156,875	-	-	-	-	-
Loss Recoveries	-	-	-	7,258,762	821,753	895,542	351,198	250,934	330,126	454,093
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	93,557,964
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)	(23,564,432)
Transfer Out	-	-	-	(58,945,507)	(58,029,450)	(58,690,081)	(64,038,245)	(72,505,380)	(75,685,066)	(93,557,964)
<b>Total Other Financing Sources (Uses)</b>	<b>555,221</b>	<b>84,375,114</b>	<b>215,204,579</b>	<b>120,319,019</b>	<b>96,822,656</b>	<b>4,447,154</b>	<b>860,554</b>	<b>66,557,481</b>	<b>360,664</b>	<b>27,556,867</b>
<b>Net Change in Fund Balances</b>	<b>\$ (77,311,091)</b>	<b>\$ 100,449,771</b>	<b>\$ 194,777,859</b>	<b>\$ (28,887,938)</b>	<b>\$ 48,559,151</b>	<b>\$ 7,655,572</b>	<b>\$ 11,110,213</b>	<b>\$ (39,876,007)</b>	<b>\$ (21,091,262)</b>	<b>\$ 24,162,955</b>
<b>Debt Service as a percentage of noncapital expenditures</b>	<b>5.7%</b>	<b>6.8%</b>	<b>7.1%</b>	<b>7.2%</b>	<b>7.6%</b>	<b>6.6%</b>	<b>6.3%</b>	<b>13.0%</b>	<b>6.2%</b>	<b>6.2%</b>
Source: District Records										

**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	Less Tax Exempt Property	Net Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a percentage of Actual Value <sup>1</sup>
	Residential	Commercial	Other						
2002	24,196,619	4,835,958	584,619	2,256,562	7,380,178	24,493,580	8.48	39,406,325	80.88%
2003	28,601,778	5,100,577	612,303	2,598,152	9,130,847	27,781,963	8.56	46,222,203	79.86%
2004	33,974,995	5,463,467	711,938	3,040,545	11,134,146	32,056,799	8.35	54,486,377	79.27%
2005	40,146,873	6,101,600	758,194	3,248,635	13,644,616	36,610,686	8.07	64,109,276	78.39%
2006	51,598,837	7,988,437	1,021,789	3,455,695	18,280,190	45,784,568	7.88	82,578,117	77.58%
2007	73,753,174	11,065,933	990,847	3,850,680	28,459,057	61,201,577	7.01	118,369,446	75.75%
2008	78,264,100	12,649,523	1,212,764	4,122,676	28,724,259	67,524,804	6.96	125,483,375	76.70%
2009	66,592,240	12,757,889	1,250,737	3,927,562	25,496,141	59,032,287	6.87	110,753,036	76.32%
2010	50,045,073	10,106,431	750,756	4,022,513	16,818,192	48,106,581	7.51	82,498,303	78.70%
2011	42,678,718	8,659,204	545,540	3,844,518	13,841,212	41,886,768	8.02	70,351,061	79.21%

Source: Lee County Tax Collector

<sup>1</sup> Includes tax-exempt property

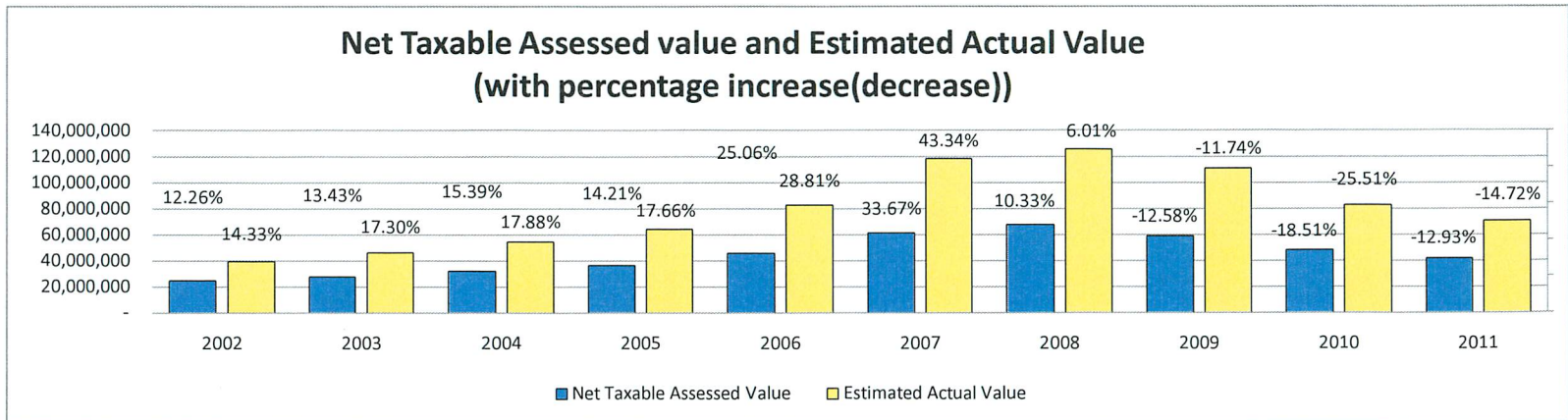


Table 6

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Lee County</b>										
General Revenue	4.328	4.328	4.328	4.334	4.007	3.595	3.720	3.720	3.720	3.720
Capital Improvements	<u>1.012</u>	<u>1.012</u>	<u>1.012</u>	<u>1.012</u>	<u>1.012</u>	<u>0.954</u>	<u>0.500</u>	<u>0.500</u>	<u>0.500</u>	<u>0.500</u>
Total Lee County Millage	<u>5.340</u>	<u>5.340</u>	<u>5.340</u>	<u>5.346</u>	<u>5.019</u>	<u>4.549</u>	<u>4.220</u>	<u>4.220</u>	<u>4.220</u>	<u>4.220</u>
School District	<u>8.478</u>	<u>8.563</u>	<u>8.346</u>	<u>8.065</u>	<u>7.882</u>	<u>7.012</u>	<u>6.960</u>	<u>6.868</u>	<u>7.508</u>	<u>8.015</u>
<b>Municipalities</b>										
Cape Coral	6.518	6.375	6.105	5.760	5.391	4.941	4.833	4.833	7.970	7.970
Sanibel	1.990	2.219	2.116	2.790	2.802	2.898	2.578	2.611	2.615	2.591
Fort Myers	7.782	7.782	7.782	7.210	7.210	6.800	6.256	7.163	7.400	8.400
Fort Myers Beach	1.040	1.040	1.000	0.850	0.750	0.610	0.605	0.709	0.819	0.914
Bonita Springs	<u>1.220</u>	<u>1.089</u>	<u>0.998</u>	<u>0.998</u>	<u>0.998</u>	<u>0.792</u>	<u>0.724</u>	<u>0.827</u>	<u>0.827</u>	<u>0.827</u>
Total Municipalities Millage	<u>18.550</u>	<u>18.505</u>	<u>18.001</u>	<u>17.608</u>	<u>17.151</u>	<u>16.041</u>	<u>14.996</u>	<u>16.143</u>	<u>19.631</u>	<u>20.702</u>
<b>Lee County Special Districts</b>										
Lee County Hyacinth Control	0.036	0.033	0.030	0.030	0.030	0.022	0.021	0.021	0.028	0.310
Lee County Mosquito Control	0.360	0.329	0.298	0.272	0.225	0.170	0.164	0.164	0.213	0.239
South Fl. Water Management Dist.	0.697	0.697	0.697	0.697	0.697	0.697	0.624	0.624	0.624	0.624
West Coast Inland Waterway	0.040	0.040	0.040	0.040	0.040	0.040	0.039	0.039	0.039	0.039
MSTU (Unincorporated)	1.211	1.211	1.211	1.211	1.003	0.930	0.840	0.840	0.840	0.840
Lee County Library	<u>0.963</u>	<u>0.963</u>	<u>0.963</u>	<u>0.947</u>	<u>1.077</u>	<u>1.300</u>	<u>1.241</u>	<u>1.179</u>	<u>1.258</u>	<u>1.312</u>
Total Special Districts Millage	<u>3.307</u>	<u>3.273</u>	<u>3.239</u>	<u>3.197</u>	<u>3.072</u>	<u>3.159</u>	<u>2.929</u>	<u>2.867</u>	<u>3.002</u>	<u>3.364</u>
Other Special Districts <sup>1</sup>	.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	.041-4.000
Total Direct and Overlapping Rates <sup>2</sup>	<u>35.675</u>	<u>35.681</u>	<u>34.927</u>	<u>34.215</u>	<u>33.124</u>	<u>30.761</u>	<u>29.105</u>	<u>30.097</u>	<u>34.361</u>	<u>36.301</u>

<sup>1</sup> Includes fire protection districts and lightening and improvement districts located throughout the unincorporated sections of Lee County.

<sup>2</sup> 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	2011			2002		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
Fl Power & Light	\$ 849,040,314	1	1.524%	\$ 324,963,610	1	0.646%
Embarq Florida, Inc	402,773,898	2	0.723%	237,039,270	2	0.472%
Lee County Electric Coop	384,292,000	3	0.690%	190,742,680	3	0.379%
Comcast	175,816,012	4	0.315%	42,691,120	8	0.085%
Coconut Point Developers, LLC	134,626,192	5	0.242%			
Gulf Coast Town Center CMBS	105,208,505	6	0.189%			
Christian & Missionary Alliance, Inc.	103,173,747	7	0.185%	64,373,100	6	0.128%
TRG Oasis LTD	92,800,743	8	0.167%			
Miromar Outlet west LLC	77,435,473	9	0.139%			
Federal National Mortgage Assn	76,876,922	10	0.138%			
AT & T Communications				65,354,130	5	0.130%
Edison Mall Business Trust				88,347,130	4	0.176%
Marry Land & Investment Co., Inc				53,283,280	7	0.106%
Gatorland Vistas, Inc				42,651,700	9	0.085%
Wal-Mart Stores				41,037,750	10	0.082%
	<u>\$ 2,402,043,806</u>		<u>4.310%</u>	<u>\$ 1,150,483,770</u>		<u>2.289%</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
2002	\$ 269,772,722	\$ 260,213,652	96.46%	\$ 1,122,613	\$ 261,336,264	96.87%
2003	316,310,119	303,596,908	95.98%	1,472,579	305,069,486	96.45%
2004	360,094,111	345,873,754	96.05%	633,240	346,506,994	96.23%
2005	405,400,523	389,510,642	96.08%	474,738	389,985,380	96.20%
2006	504,308,781	485,410,803	96.25%	649,118	486,059,921	96.38%
2007	628,825,980	605,730,088	96.33%	1,101,089	606,831,177	96.50%
2008	673,008,222	644,484,413	95.76%	4,482,786	648,967,199	96.43%
2009	606,574,530	599,212,175	98.79%	3,852,649	603,064,824	99.42%
2010	514,468,676	506,573,323	98.47%	2,284,600	508,857,923	98.91%
2011	472,729,944	465,862,569	98.55%	-	465,862,569	98.55%

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

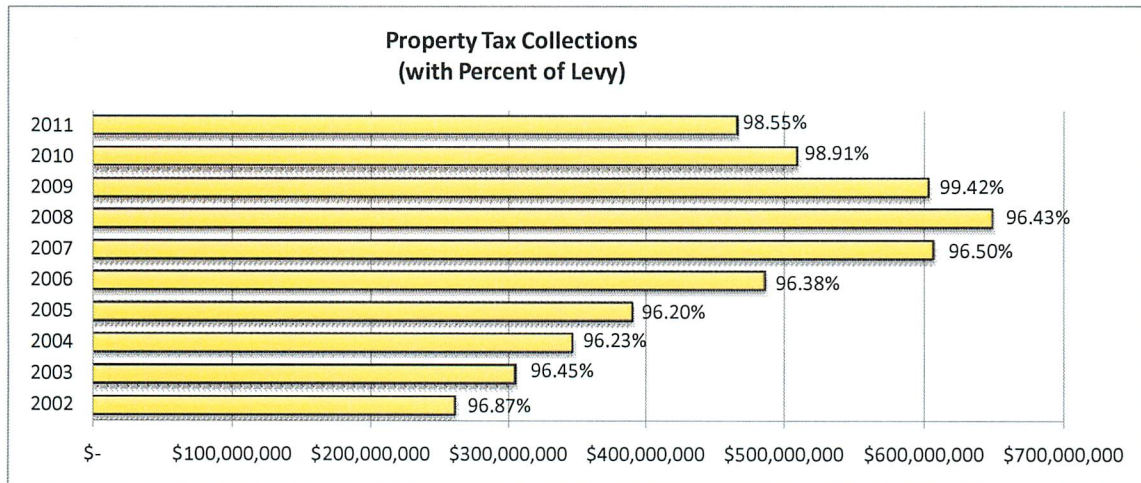


Table 9

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

Other Governmental Activities Debt							
Fiscal Year	Special Revenue Bonds	State Board of Education Bonds <sup>1</sup>	Certificates of Participation <sup>1</sup>	Section 1011.14 Loans	Total Primary Government	Percentage of Actual Taxable Value of Property <sup>2</sup>	Per Capita <sup>3</sup>
2002	\$ 595,000	\$ 23,695,000	\$ 160,710,000	\$ 12,105,729	\$ 197,105,729	0.80%	414.90
2003	410,000	22,710,000	233,620,000	9,000,000	265,740,000	0.96%	534.66
2004	210,000	23,030,000	429,045,000	6,000,000	458,285,000	1.43%	879.20
2005	-	23,655,000	521,340,000	3,000,000	547,995,000	1.50%	1,020.13
2006	-	21,805,000	596,000,000	-	617,805,000	1.35%	1,076.53
2007	-	20,500,000	574,230,000	3,568,840	598,298,840	0.98%	971.27
2008	-	19,135,000	552,125,000	3,343,042	574,603,042	0.85%	909.57
2009	-	17,730,000	528,220,000	9,337,009	555,287,009	0.94%	902.72
2010	-	16,120,000	502,595,000	8,567,563	527,282,563	1.10%	846.50
2011	-	14,560,000	505,866,000	7,766,959	528,192,959	1.26%	844.69

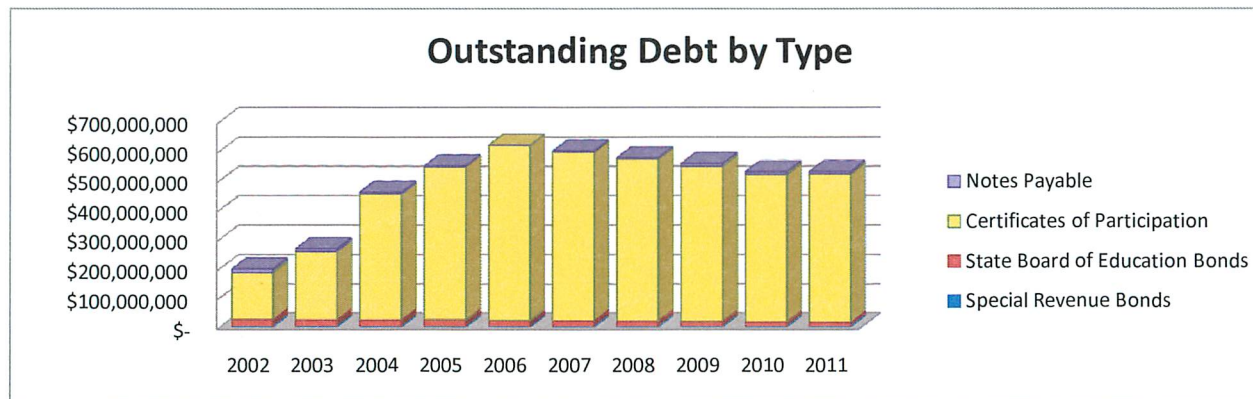
Note: Details regarding the district's outstanding debt can be found in the notes to the basic financial statements.

<sup>1</sup> The district refinanced \$23.3 million of Certificates of Participation and \$.3 million in State Board of Education Bonds during 2011.

<sup>2</sup> See Table 5 for property value data.

<sup>3</sup> Population 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)**

	<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>	<u>June 30, 2011</u>
Limit of bonded indebtedness, 10% of net assessed value of taxable property	\$ 2,449,358,000	\$ 2,778,196,300	\$ 3,205,679,900	\$ 3,661,068,600	\$ 4,578,456,800	\$ 6,120,157,700	\$ 6,752,480,400	\$ 5,903,228,700	\$ 4,810,658,100	\$ 4,188,676,800
Total bonded debt	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	14,560,000
Less amount available in Debt Service Funds	1,143,242	1,134,317	578,248	586,392	580,837	550,407	523,435	473,143	438,473	401,473
Total amount applicable to debt limit	<u>23,146,758</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>	<u>14,158,527</u>
Legal debt margin on bonded debt	<u>\$ 2,426,211,242</u>	<u>\$ 2,756,210,617</u>	<u>\$ 3,183,018,148</u>	<u>\$ 3,637,999,992</u>	<u>\$ 4,557,232,637</u>	<u>\$ 6,100,208,107</u>	<u>\$ 6,733,868,835</u>	<u>\$ 5,885,971,843</u>	<u>\$ 4,794,976,573</u>	<u>\$ 4,174,518,273</u>
Legal debt margin on bonded debt as a percentage of bonded debt limit	<u>99.05%</u>	<u>99.21%</u>	<u>99.29%</u>	<u>99.37%</u>	<u>99.54%</u>	<u>99.67%</u>	<u>99.72%</u>	<u>99.71%</u>	<u>99.67%</u>	<u>99.66%</u>

Source: District Records



**THE SCHOOL DISTRICT OF LEE COUNTY**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**As of June 30, 2011**  
**(UNAUDITED)**

**FINANCIAL PARAMETERS**

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<b>Direct debt:</b>	
State Board of Education Bonds <sup>(1)</sup>	\$ 14,560,000
Section 1011.14 Loans	7,766,959
Certificates of Participation	<u>505,866,000</u>
<b>Total Direct Debt</b>	528,192,959
<b>Overlapping debt <sup>(2)</sup></b>	
Lee County <sup>(3)</sup>	<u>272,155,940</u>
<b>Total Direct and Overlapping debt</b>	<u><u>\$ 800,348,899</u></u>
Population	625,310
Assessed property valuation (in thousands)	\$ 70,351,061
Net Assessed taxable property valuation (in thousands)	\$ 41,886,768

**DEBT RATIOS**

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<b>Percent of assessed property valuation</b>	
Direct debt	0.75%
Overlapping debt	0.39%
Direct and overlapping debt	1.14%
<b>Percent of assessed taxable property valuation</b>	
Direct debt	1.26%
Overlapping debt	0.65%
Direct and overlapping debt	1.91%
<b>Per Capita</b>	
Direct debt	\$ 845
Overlapping debt	\$ 435
Direct and overlapping debt	\$ 1,280

(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, 2011

(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  
PLEDGED-REVENUE COVERAGE  
LAST 10 FISCAL YEARS  
(UNAUDITED)**

Fiscal Year	Special Revenue Bond				State Board of Education Bonds			
	Race Track Commission <sup>1</sup>	Principal	Interest	Coverage	Motor Vehicle Tax <sup>1</sup>	Principal	Interest	Coverage
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
2011	-	-	-	-	2,253,026	1,515,000	769,621	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 Population <sup>1</sup>	Personal Income (thousands of dollars) <sup>1</sup>	Per Capita Personal Income <sup>4</sup>	Median Age <sup>4</sup>	Average Daily School Membership (K through Grade 12) <sup>3</sup>	Unemployment Rate % <sup>2</sup>
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%
2011	625,310	24,271,330	30,363	44.0	80,825	11.7%

<sup>1</sup> University of Florida, Bureau of Economic and Business Research.  
<sup>2</sup> Florida Research and Economic Database  
<sup>3</sup> District records  
<sup>4</sup> Factfinder.census.gov

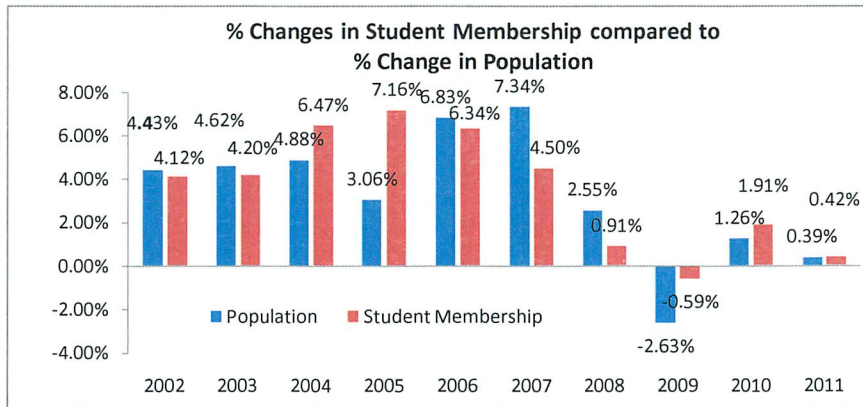
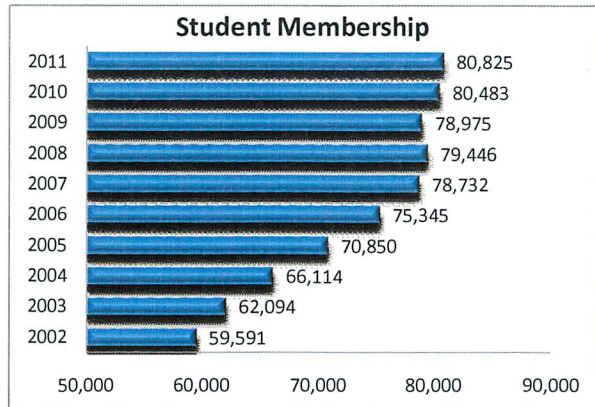


Table 14

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

Name	2011			2002		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Lee Memorial Health System	9,434	1	3.40%	5,300	2	2.42%
Lee County School Board	9,270	2	3.34%	8,026	1	3.67%
Publix Super Markets	3,071	3	1.11%	3,752	3	1.72%
Lee County Government	2,364	4	0.85%	1,740	5	0.80%
Wal-Mart Stores, Inc.	1,967	5	0.71%	1,850	4	0.85%
Lee County Sheriff's Office	1,585	6	0.57%	-	-	0.00%
City of Cape Coral	1,409	7	0.51%	1,411	7	0.65%
Chico's FAS, Inc	1,388	8	0.50%	-	-	0.00%
Target	1,100	9	0.40%	-	-	0.00%
Florida Gulf Coast University	993	10	0.36%	996	10	0.46%
MeriStar	-	-	0.00%	1,270	8	0.58%
SWFL Regional Medical Center	-	-	0.00%	1,600	6	0.73%
WCI Communities	-	-	0.00%	1,007	9	0.46%
<b>Total</b>	<b>32,581</b>		<b>11.74%</b>	<b>26,952</b>		<b>12.33%</b>

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)**

<b>Fiscal Year</b>	<b>(A) Full-time Instructional</b>	<b>(B) Full-time Administrative</b>	<b>(C) Full-time Support Services</b>	<b>Total</b>
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
2011	4,965	322	3,419	8,706

- (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

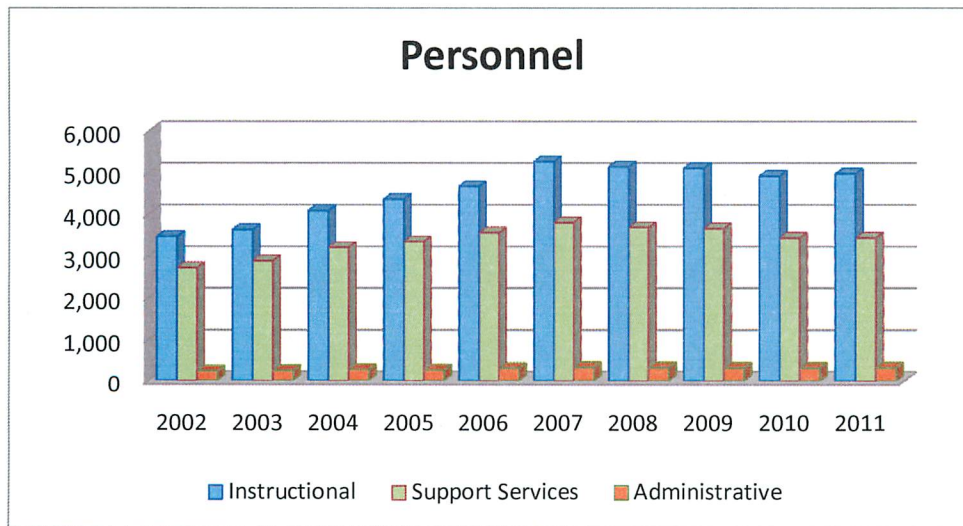
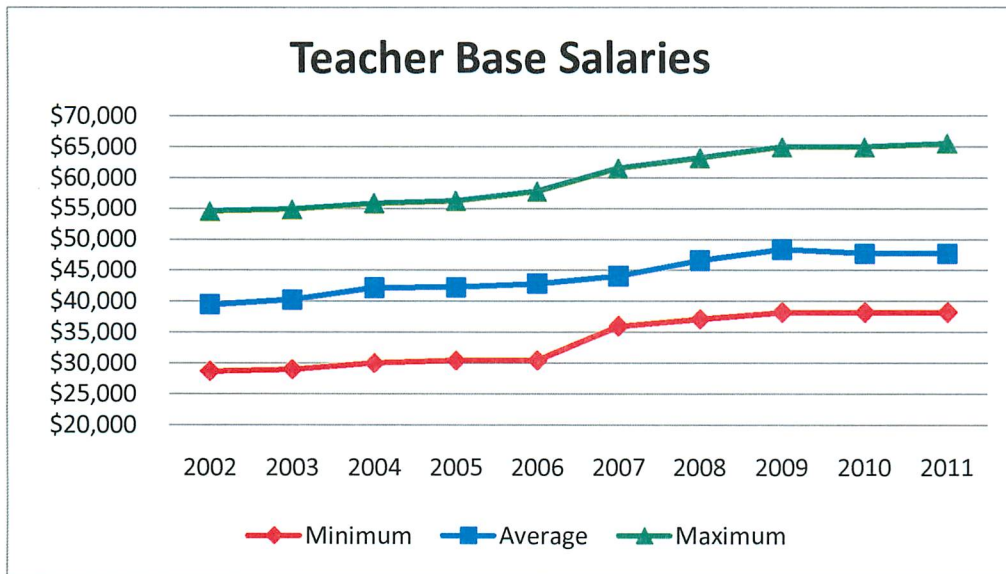


Table 16

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

Fiscal Year	Minimum Salary	Maximum Salary	Average Salary
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
2011	38,192	65,563	47,628

Source: District Records



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

<b>Fiscal Year</b>	<b>Expenditures</b>	<b>Enrollment</b>	<b>Cost per Student</b>	<b>Percentage Change</b>	<b>Instructional Personnel</b>	<b>Ratio of Students to Instructional Personnel</b>	<b>School Attendance Percentage</b>
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	66,114	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%
2011	832,866,342	80,825	10,305	-1.78%	4,965	16.28	93.62%

Source: District Records

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

	<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>	<u>June 30, 2011</u>
Days Meals were Served	180	180	180	174	175	180	180	180	180	180
Average Number of Free and Reduced Meals Served Daily	28,449	29,649	31,165	35,267	35,041	36,134	40,188	44,936	51,626	57,503
Number of Free and Reduced Meals Served	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	10,350,523
Average Daily Subsidy Received	\$ 56,995	\$ 60,229	\$ 64,950	\$ 75,563	\$ 77,581	\$ 82,948	\$ 107,233	\$ 116,196	\$ 132,221	\$ 148,255
Total Subsidy Received	\$ 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	\$ 26,685,835
Average Number of Meals Served Daily	40,992	42,422	45,451	50,139	53,458	56,854	57,903	58,527	62,589	70,205
Number of Full Paid Meals Served	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	2,286,294
Average Daily Revenues	\$ 107,362	\$ 115,669	\$ 126,677	\$ 141,253	\$ 144,616	\$ 156,900	\$ 168,783	\$ 165,280	\$ 176,881	\$ 187,805
Total Revenues	\$ 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	\$ 33,804,923
Average Daily Costs	\$ 102,764	\$ 108,876	\$ 129,467	\$ 149,239	\$ 159,031	\$ 170,248	\$ 165,969	\$ 151,613	\$ 150,316	\$ 162,882
Total Costs	\$ 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	\$ 29,318,801

Source: District Records

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

Table 19

	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	June 30, 2011
<b>Elementary Schools</b>										
Allen Park ES (1957)										
Square Feet	83,390	83,390	83,390	83,390	108,181	108,181	112,165	112,165	112,662	123,105
Capacity (students)	852	755	719	683	732	1,061	1,056	1,056	1,028	1,028
Enrollment	833	854	857	936	904	882	889	900	932	940
Alva ES (1886)										
Square Feet	46,524	46,524	46,524	46,524	46,524	46,524	47,774	47,774	47,774	53,572
Capacity (students)	390	367	281	267	321	303	391	391	391	391
Enrollment	395	415	423	480	482	485	441	409	394	381
Bayshore ES (1966)										
Square Feet	56,931	56,931	56,931	56,931	82,271	82,271	85,873	85,873	85,873	86,380
Capacity (students)	461	355	355	337	359	693	693	693	693	693
Enrollment	554	577	593	653	620	641	615	552	583	590
Bonita Springs ES (1916)										
Square Feet	47,480	47,480	47,480	47,480	51,746	51,746	51,746	51,746	53,595	50,352
Capacity (students)	394	323	395	375	401	389	405	405	396	396
Enrollment	411	400	364	384	410	430	434	434	470	436
Caloosa ES (2000)										
Square Feet	110,310	110,310	110,310	110,310	135,538	136,458	141,632	141,632	141,632	143,029
Capacity (students)	989	738	738	701	741	1,075	1,075	1,075	1,085	1,085
Enrollment	1,017	1,056	1,021	1,090	990	1,014	1,061	1,017	981	939
Cape Coral ES (1963)										
Square Feet	89,769	89,769	89,769	89,769	76,540	101,435	114,054	114,054	114,054	113,774
Capacity (students)	944	713	713	677	723	878	916	898	898	898
Enrollment	915	996	957	973	912	878	800	752	769	739
Colonial ES (1978)										
Square Feet	89,226	89,226	89,226	89,226	108,334	108,334	109,524	109,524	109,524	114,769
Capacity (students)	889	693	693	658	79	965	965	965	922	922
Enrollment	817	787	808	791	761	804	755	695	774	799
Diplomat ES (1991)										
Square Feet	91,185	91,185	91,185	91,185	116,525	116,525	117,267	117,267	117,267	119,233
Capacity (students)	888	693	698	663	762	1,086	1,086	1,086	1,086	1,086
Enrollment	1,030	986	902	1,002	927	930	936	939	906	902
Edgewood Renaissance (1924)										
Square Feet	92,356	92,356	92,356	92,356	92,356	92,356	105,524	105,524	105,524	110,849
Capacity (students)	871	671	641	609	741	741	741	741	741	741
Enrollment	870	864	824	724	749	729	471	434	432	481
Edison Park ES (1926)										
Square Feet	70,956	70,956	70,956	70,956	70,956	70,956	70,956	70,956	70,956	74,381
Capacity (students)	616	481	481	457	449	449	449	449	457	455
Enrollment	511	551	535	468	418	366	381	387	383	365
Franklin Park ES (1954)										
Square Feet	82,723	82,723	82,723	82,723	82,723	82,723	94,148	94,148	94,148	93,245
Capacity (students)	753	580	566	538	579	579	579	579	579	579
Enrollment	447	578	590	623	574	542	527	506	499	479
Ft Myers Beach ES (1938)										
Square Feet	27,020	27,020	27,020	27,020	27,020	27,020	27,020	27,020	27,723	30,278
Capacity (students)	234	200	200	190	200	200	200	200	221	220
Enrollment	192	200	197	209	194	194	174	150	143	134

(Continue)



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

	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	June 30, 2011
<b>Elementary Schools</b>										
<b>G. Weaver Higgs ES (2009)</b>										
Square Feet	-	-	-	-	-	-	-	106,076	106,076	106,711
Capacity (students)	-	-	-	-	-	-	-	-	758	758
Enrollment	-	-	-	-	-	-	-	-	561	619
<b>Gateway ES (1991)</b>										
Square Feet	111,893	111,893	111,893	111,893	111,893	111,893	111,466	111,466	111,466	113,567
Capacity (students)	979	750	750	713	758	758	758	758	758	758
Enrollment	932	1,017	1,002	1,007	968	946	771	747	694	679
<b>Gulf Elementary (1982)</b>										
Square Feet	94,690	94,690	94,690	94,690	156,247	156,247	156,012	156,012	156,012	162,360
Capacity (students)	964	732	724	1,225	1,294	1,396	1,396	1,347	1,347	1,293
Enrollment	998	1,062	1,319	1,567	1,475	1,357	1,266	1,207	1,159	1,175
<b>Hancock Creek ES (1992)</b>										
Square Feet	118,197	118,197	118,197	118,197	143,537	143,537	145,890	145,890	145,890	146,342
Capacity (students)	936	712	712	676	720	1,044	1,044	1,044	1,044	1,044
Enrollment	978	1,000	971	1,004	958	953	903	883	874	883
<b>Hams Marsh Elementary (2005)</b>										
Square Feet	-	-	-	-	116,612	122,125	120,419	120,419	120,419	122,700
Capacity (students)	-	-	-	-	963	930	916	912	912	912
Enrollment	-	-	-	-	936	956	871	914	932	925
<b>Hector Caferata Jr. Elementary (2006)</b>										
Square Feet	-	-	-	-	69,380	69,380	71,199	71,199	71,199	74,726
Capacity (students)	-	-	-	-	883	883	883	883	883	883
Enrollment	-	-	-	-	694	758	739	736	717	757
<b>Heights ES (1963)</b>										
Square Feet	75,704	75,704	75,704	75,704	75,704	75,384	154,099	154,099	154,099	158,152
Capacity (students)	837	677	677	634	695	695	695	1,306	1,306	1,306
Enrollment	806	806	840	839	754	643	639	826	889	961
<b>J. Colin English ES (1929)</b>										
Square Feet	91,658	91,658	91,658	91,658	91,658	91,658	96,778	96,778	96,778	98,734
Capacity (students)	770	589	589	560	589	597	597	601	601	601
Enrollment	766	798	773	848	734	626	459	386	310	364
<b>James Stephens Int'l Academy (K-8) (1958) c</b>										
Square Feet	-	-	-	-	-	-	-	-	168,406	171,775
Capacity (students)	-	-	-	-	-	-	-	-	1,077	1,073
Enrollment	-	-	-	-	-	-	-	-	664	870
<b>Lehigh ES (1958)</b>										
Square Feet	79,533	79,533	79,533	79,533	79,533	79,533	79,533	149,735	149,735	149,855
Capacity (students)	873	688	688	654	764	764	764	758	1,056	1,056
Enrollment	974	985	937	929	1,006	1,024	890	802	834	875
<b>Littleton ES (1991)</b>										
Square Feet	108,424	108,424	108,424	108,424	108,424	108,424	118,279	118,279	118,279	120,545
Capacity (students)	964	730	730	694	738	738	738	738	738	738
Enrollment	948	944	995	982	881	772	701	621	593	538
<b>Manatee ES (2008)</b>										
Square Feet	-	-	-	-	-	-	127,358	127,358	127,358	128,642
Capacity (students)	-	-	-	-	-	-	1,070	1,042	1,042	1,042
Enrollment	-	-	-	-	-	-	785	757	781	952

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	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	June 30, 2011
<b>Elementary Schools</b>										
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	-
Capacity (students)	624	624	624	658	618	737	663	663	-	-
Enrollment	766	722	703	639	646	694	527	475	-	-
Mirror Lakes ES (1998)										
Square Feet	99,954	99,954	99,954	99,954	131,223	131,223	133,702	133,702	133,702	141,301
Capacity (students)	759	601	623	592	619	1,061	1,061	1,061	1,061	1,061
Enrollment	842	856	826	843	957	1,105	1,078	1,070	983	1,059
North Ft Myers Academy (K-8) (1973)										
Square Feet	193,071	193,071	193,071	193,071	197,630	197,630	205,425	205,425	205,425	232,632
Capacity (students)	1,949	831	831	878	1,459	1,509	1,358	1,315	1,417	1,409
Enrollment	1,110	1,113	1,364	1,403	1,258	1,255	993	1,016	1,005	1,012
Orange River ES (1957)										
Square Feet	75,305	75,305	75,305	75,305	93,586	93,586	97,883	97,883	97,883	98,124
Capacity (students)	726	622	600	570	619	817	817	817	817	817
Enrollment	801	855	807	812	834	875	850	790	795	807
Orangewood ES (1954)										
Square Feet	86,249	86,249	86,249	86,249	86,249	86,249	86,249	86,249	87,104	90,199
Capacity (students)	779	644	634	602	637	637	637	637	614	614
Enrollment	763	778	810	846	807	719	720	724	704	608
Patriot ES (2008)										
Square Feet	-	-	-	-	-	-	125,295	125,295	125,295	126,217
Capacity (students)	-	-	-	-	-	-	1,070	1,046	1,046	1,046
Enrollment	-	-	-	-	-	-	767	757	744	743
Pelican ES (1978)										
Square Feet	90,047	90,047	90,047	90,047	140,290	143,026	154,885	154,885	154,885	151,841
Capacity (students)	952	689	689	655	694	1,342	1,362	1,352	1,362	1,362
Enrollment	1,035	1,073	985	997	992	1,187	1,107	1,134	1,063	1,017
Pine Island ES (1955)										
Square Feet	54,379	54,379	54,379	54,379	54,379	54,379	54,391	54,391	54,391	54,635
Capacity (students)	446	372	372	353	391	391	391	391	391	391
Enrollment	482	473	581	474	413	356	318	302	294	284
Pinewoods ES (1992)										
Square Feet	107,408	107,408	107,408	107,408	132,170	132,170	126,864	126,864	127,328	145,979
Capacity (students)	952	718	712	676	720	1,044	1,044	1,044	1,060	1,060
Enrollment	961	982	956	993	917	952	969	954	904	898
Ray V. Pottorf Elementary (2005)										
Square Feet	-	-	-	-	116,566	122,162	121,475	121,453	121,453	122,936
Capacity (students)	-	-	-	-	963	930	912	882	864	864
Enrollment	-	-	-	-	664	679	644	602	616	642
Rayma Page Elementary (2004)										
Square Feet	-	-	-	-	112,365	122,162	113,591	118,093	117,936	119,637
Capacity (students)	-	-	-	-	856	836	836	846	846	846
Enrollment	-	-	-	-	563	663	642	647	720	736
River Hall Elementary (2006)										
Square Feet	-	-	-	-	-	118,394	124,040	124,040	124,040	124,525
Capacity (students)	-	-	-	-	-	1,076	1,046	1,046	1,046	1,046
Enrollment	-	-	-	-	-	841	867	903	915	942

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	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	June 30, 2011
<b>Elementary Schools</b>										
San Carlos Park ES (1978)										
Square Feet	89,614	89,614	89,614	89,614	114,496	114,496	120,186	120,186	120,186	118,053
Capacity (students)	957	724	724	688	747	1,081	1,081	1,062	1,026	1,026
Enrollment	992	957	991	986	865	863	864	858	827	845
Skyline ES (1987)										
Square Feet	87,295	87,295	87,295	87,295	136,686	136,686	142,322	142,322	142,322	145,678
Capacity (students)	889	678	678	644	692	1,350	1,380	1,380	1,380	1,380
Enrollment	1,041	1,024	943	983	969	1,143	1,064	1,012	966	881
Spring Creek ES (1981)										
Square Feet	90,737	90,737	90,737	90,737	90,737	90,737	98,328	98,328	98,328	99,049
Capacity (students)	918	715	715	679	753	753	753	753	753	753
Enrollment	935	944	902	788	812	787	745	694	706	713
Sunshine ES (1986)										
Square Feet	90,997	90,997	90,997	90,997	122,267	122,078	126,484	126,484	126,484	128,990
Capacity (students)	925	687	687	653	777	1,209	1,191	1,191	1,191	1,191
Enrollment	958	1,021	1,016	1,016	1,066	1,135	1,148	1,132	1,118	1,133
Tanglewood Riverside ES (1970)										
Square Feet	76,598	76,598	76,598	76,598	94,870	94,870	94,870	98,639	98,639	107,392
Capacity (students)	752	544	510	491	561	789	793	773	786	786
Enrollment	671	687	715	750	712	710	722	710	751	712
The Sanibel School (K-8) (1962)										
Square Feet	55,241	55,241	55,241	55,241	55,777	55,777	73,577	73,577	73,577	70,792
Capacity (students)	259	458	405	428	418	395	395	395	439	439
Enrollment	448	439	425	420	402	386	367	372	368	337
Three Oaks ES (1987)										
Square Feet	86,694	86,694	86,694	86,694	86,694	86,694	91,616	91,616	91,616	92,483
Capacity (students)	889	678	678	644	738	738	738	738	731	731
Enrollment	1,000	1,012	968	1,024	952	865	776	762	745	808
Tice ES (1927)										
Square Feet	70,443	70,443	70,443	70,443	70,443	70,443	70,443	70,443	70,443	70,247
Capacity (students)	646	626	626	595	587	587	587	587	587	587
Enrollment	750	703	662	698	710	685	578	554	495	480
Trafalgar ES (2004)										
Square Feet	-	-	69,608	69,608	86,988	86,988	91,577	91,577	91,577	92,367
Capacity (students)	-	-	315	523	959	977	977	1,036	1,036	998
Enrollment	-	-	310	579	897	894	873	828	817	844
Treeline ES (2008)										
Square Feet	-	-	-	-	-	-	101,574	125,155	125,155	128,983
Capacity (students)	-	-	-	-	-	-	758	1,029	1,029	1,029
Enrollment	-	-	-	-	-	-	672	896	872	914
Tropic Isles ES (1959)										
Square Feet	85,250	85,250	85,250	85,250	110,590	110,590	110,590	110,590	110,590	109,921
Capacity (students)	906	712	712	676	727	1,051	1,051	1,051	1,051	1,051
Enrollment	951	1,032	1,026	1,089	1,101	1,047	936	875	931	933
Veterans Park Academy K-8 (2004)										
Square Feet	-	-	152,716	152,716	196,574	196,574	196,821	196,821	196,821	202,802
Capacity (students)	-	-	-	1,145	1,734	1,767	1,767	1,768	1,964	1,967
Enrollment	-	-	-	857	1,421	1,483	1,547	1,439	1,392	1,448

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Table 19

	<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>	<u>June 30, 2011</u>
<b>Elementary Schools</b>										
Villas ES (1961)										
Square Feet	86,531	86,531	86,531	86,531	104,802	104,802	112,453	112,453	112,453	114,894
Capacity (students)	804	693	693	658	727	942	943	881	881	881
Enrollment	852	842	867	897	892	885	844	805	784	785

(Continue)

**THE SCHOOL DISTRICT OF LEE COUNTY  
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Table 19

	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	June 30, 2011
<b>Middle Schools</b>										
<b>Alva MS (1927)</b>										
Square Feet	81,299	81,299	81,299	81,299	81,826	81,826	83,208	83,208	83,208	83,882
Capacity (students)	628	516	516	544	514	513	514	514	571	556
Enrollment	643	652	653	574	521	524	580	531	562	506
<b>Bonita Springs MS (1976)</b>										
Square Feet	120,723	120,723	120,723	120,723	120,723	120,723	126,497	126,497	126,497	123,971
Capacity (students)	1,093	824	864	912	876	875	876	888	988	982
Enrollment	991	1,020	941	864	628	576	599	652	625	641
<b>Caloosa MS (2000)</b>										
Square Feet	132,060	132,060	132,060	132,060	132,060	132,060	132,111	132,111	132,111	136,609
Capacity (students)	1,142	966	977	1,032	1,005	1,005	1,005	1,013	1,126	1,137
Enrollment	1,248	1,274	1,261	1,205	1,126	1,063	886	852	876	886
<b>Challenger MS (2008)</b>										
Square Feet	-	-	-	-	-	-	162,113	162,113	162,113	161,941
Capacity (students)	-	-	-	-	-	-	-	1,257	1,230	1,367
Enrollment	-	-	-	-	-	-	863	970	1,024	1,088
<b>Cypress Lake MS (1961)</b>										
Square Feet	137,171	137,171	137,171	137,171	137,171	137,171	137,171	137,171	137,175	139,611
Capacity (students)	1,045	833	833	880	880	880	880	880	896	941
Enrollment	1,173	1,213	1,204	1,236	965	822	742	717	715	713
<b>Diplomat MS (1999)</b>										
Square Feet	138,827	138,827	138,827	138,827	138,827	138,827	139,855	139,855	139,855	146,584
Capacity (students)	1,168	986	973	1,027	974	973	974	974	1,082	1,072
Enrollment	1,225	1,269	1,262	1,239	1,103	1,043	862	818	842	841
<b>Ft Myers Middle Academy (1951)</b>										
Square Feet	125,734	125,734	125,734	125,734	125,734	125,734	125,734	125,675	125,675	125,676
Capacity (students)	875	804	781	825	858	857	858	858	954	952
Enrollment	736	724	749	771	737	694	613	702	536	617
<b>Gulf Middle (1981)</b>										
Square Feet	126,599	126,599	126,599	126,599	126,599	126,599	129,821	129,821	129,821	131,988
Capacity (students)	1,148	862	905	955	918	1,024	923	943	1,048	1,046
Enrollment	1,210	1,322	1,295	1,274	1,140	1,109	975	838	798	826
<b>Lee MS (1958) <sup>c</sup></b>										
Square Feet	145,535	145,535	145,535	145,535	145,535	145,535	148,002	168,406	-	-
Capacity (students)	994	824	830	876	926	1,029	926	926	-	-
Enrollment	855	812	730	639	614	685	585	472	-	-
<b>Lehigh Acres MS (1982)</b>										
Square Feet	126,595	126,595	126,595	126,595	126,595	126,595	127,054	127,054	127,054	130,421
Capacity (students)	1,151	983	1,022	1,079	1,057	1,129	1,057	1,058	1,175	1,177
Enrollment	1,088	1,174	1,294	900	942	1,006	1,049	1,012	988	1,034
<b>Lexington Middle School (2005)</b>										
Square Feet	-	-	-	160,706	160,706	160,706	175,499	175,499	175,499	169,591
Capacity (students)	-	-	-	-	1,045	1,141	1,027	1,031	1,147	1,146
Enrollment	-	-	-	-	771	867	828	859	909	899
<b>Mariner MS (2004)</b>										
Square Feet	-	-	102,009	102,009	134,668	134,668	135,183	135,183	135,183	149,247
Capacity (students)	-	-	706	706	1,141	1,268	1,141	1,141	1,268	1,270
Enrollment	-	-	305	731	1,278	963	910	1,078	942	866

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Table 19

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<b>Middle Schools</b>										
Oak Hammock MS (2009)										
Square Feet	-	-	-	-	-	-	-	153,490	153,490	160,262
Capacity (students)	-	-	-	-	-	-	-	1,224	1,360	1,360
Enrollment	-	-	-	-	-	-	-	826	1,165	1,224
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	161,250
Capacity (students)	1,132	985	951	1,004	1,013	1,126	1,013	1,013	1,126	1,124
Enrollment	1,125	1,131	1,157	1,137	972	881	946	837	879	806
Three Oaks MS (1991)										
Square Feet	137,880	137,880	137,880	137,880	137,880	137,880	144,127	144,127	144,127	145,838
Capacity (students)	1,062	881	881	930	987	987	987	986	1,097	1,096
Enrollment	1,088	1,085	1,052	1,053	862	825	776	771	795	817
Trafalgar MS (1989)										
Square Feet	143,128	143,128	143,128	143,128	143,128	143,128	143,159	143,159	143,159	141,307
Capacity (students)	1,122	937	950	1,002	1,034	1,034	1,034	1,034	1,092	1,092
Enrollment	1,363	1,484	1,417	1,416	1,323	1,240	1,067	898	819	855
Varsity Lakes MS (2004)										
Square Feet	-	-	118,017	118,017	118,017	150,722	160,893	160,890	160,890	160,998
Capacity (students)	-	-	-	981	1,024	1,024	1,024	1,044	1,162	1,209
Enrollment	-	-	-	724	884	953	958	841	912	1,000

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	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	June 30, 2011
<b>High Schools</b>										
<b>Cape Coral Sr HS (1978)</b>										
Square Feet	262,475	262,475	262,475	262,475	262,475	262,475	262,945	263,353	263,353	270,155
Capacity (students)	1,826	1,685	1,758	1,758	1,821	1,821	1,821	1,759	1,855	1,853
Enrollment	1,801	1,995	2,104	2,274	2,031	2,107	1,907	1,699	1,556	1,493
<b>Cypress Lake Sr HS (1967)</b>										
Square Feet	268,538	268,538	268,538	268,538	268,538	276,380	276,380	276,380	276,380	270,449
Capacity (students)	1,880	1,613	1,589	1,589	1,703	1,712	1,727	1,643	1,706	1,700
Enrollment	1,890	1,983	2,009	2,025	1,597	1,423	1,321	1,261	1,532	1,442
<b>Dunbar HS (2000)</b>										
Square Feet	202,324	202,324	202,324	202,324	202,324	202,324	202,802	210,097	210,097	210,611
Capacity (students)	650	900	1,229	1,229	1,242	1,176	1,242	1,186	1,249	1,254
Enrollment	628	899	1,252	1,055	897	808	814	842	716	737
<b>East HS (2006)</b>										
Square Feet	-	-	-	-	99,628	100,741	313,853	313,853	313,853	318,740
Capacity (students)	-	-	-	-	809	1,102	1,938	1,947	2,049	2,057
Enrollment	-	-	-	-	377	756	1,417	1,447	1,499	1,530
<b>Esteros Sr HS (1985)</b>										
Square Feet	273,777	273,777	273,777	273,777	273,777	273,777	268,042	268,042	267,550	270,953
Capacity (students)	1,794	1,624	1,671	1,671	1,695	1,932	1,695	1,639	1,710	1,704
Enrollment	1,823	1,867	1,943	2,050	1,616	1,534	1,438	1,360	1,424	1,434
<b>Ft Myers Sr HS (1921)</b>										
Square Feet	244,883	244,883	244,883	244,883	244,883	276,931	276,931	276,931	276,928	274,864
Capacity (students)	1,772	1,672	1,679	1,679	1,743	2,067	1,954	1,869	1,960	1,963
Enrollment	1,986	2,035	2,083	2,280	2,024	1,911	1,804	1,645	1,728	1,802
<b>Ida S. Baker HS (2005)</b>										
Square Feet	-	-	-	36,480	299,696	299,696	313,582	313,559	313,559	314,162
Capacity (students)	-	-	-	570	2,066	2,137	2,030	1,941	1,995	1,991
Enrollment	-	-	-	613	1,444	1,914	1,973	1,814	1,832	1,704
<b>Island Coast HS (2008)</b>										
Square Feet	-	-	-	-	-	-	42,300	266,259	266,259	264,356
Capacity (students)	-	-	-	-	-	-	391	1,968	2,060	2,059
Enrollment	-	-	-	-	-	-	391	1,125	1,444	1,517
<b>Lehigh Sr HS (1994)</b>										
Square Feet	283,299	283,299	283,299	283,299	283,299	283,299	286,602	286,602	286,602	308,610
Capacity (students)	1,709	1,709	1,739	1,739	1,864	1,962	1,864	1,733	1,825	1,824
Enrollment	1,941	2,134	2,275	2,068	2,184	1,979	1,529	1,363	1,321	1,414
<b>Mariner Sr HS (1986)</b>										
Square Feet	253,905	253,905	253,905	253,905	253,905	253,905	253,905	253,905	253,905	256,523
Capacity (students)	1,909	1,645	1,740	1,740	1,721	1,812	1,721	1,636	1,724	1,725
Enrollment	1,945	1,998	2,214	2,195	1,925	1,913	1,805	1,559	1,402	1,361
<b>North Ft Myers Sr HS (1960)</b>										
Square Feet	254,877	254,877	254,877	254,877	254,877	254,877	254,877	254,877	254,877	257,992
Capacity (students)	1,853	1,768	1,768	1,768	1,849	1,946	1,849	1,763	1,859	1,858
Enrollment	1,897	1,968	2,213	2,216	1,983	1,972	1,863	1,596	1,512	1,517
<b>Riverdale High 6-12 (1972)</b>										
Square Feet	223,595	223,595	223,595	223,595	238,328	238,328	250,474	250,474	250,474	246,290
Capacity (students)	1,252	1,252	1,559	1,796	1,540	1,944	2,053	1,927	2,028	2,029
Enrollment	1,624	1,684	1,900	1,968	1,452	2,074	1,908	1,501	1,541	1,594

(Continue)

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

	<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>	<u>June 30, 2011</u>
<b>High Schools</b>										
South HS (2006)										
Square Feet	-	-	-	-	300,310	300,310	312,519	312,519	312,519	313,589
Capacity (students)	-	-	-	-	2,086	2,050	1,926	1,925	2,054	2,057
Enrollment	-	-	-	-	939	1,187	1,205	1,358	1,473	1,651

(Continue)



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

	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	June 30, 2011
<b>Special Schools</b>										
<b>ALC West (2008)</b>										
Square Feet	-	-	-	-	-	-	22,566	22,566	22,566	22,566
Capacity (students)	-	-	-	-	-	-	265	265	265	265
Enrollment	-	-	-	-	-	-	194	175	163	177
<b>Buckingham Exceptional Ctr (1984)</b>										
Square Feet	26,383	26,383	26,383	26,383	26,383	26,383	27,880	27,880	27,880	28,551
Capacity (students)	79	79	79	84	100	100	100	100	100	100
Enrollment	91	93	96	113	111	108	103	110	109	105
<b>Ft Myers Sr HS (Edison Ctr) (1921) <sup>b</sup></b>										
Square Feet	22,786	22,786	22,786	22,786	22,786	-	-	-	-	-
Capacity (students)	130	130	130	130	141	-	-	-	-	-
Enrollment	139	154	112	87	44	-	-	-	-	-
<b>Lee County High Tech Central (1966)</b>										
Square Feet	181,289	181,289	181,289	181,289	181,289	181,289	182,684	182,684	182,684	184,153
Capacity (students)	834	834	834	834	695	695	695	648	648	649
Enrollment	126	126	112	119	143	63	74	91	55	62
<b>Lee County Public Service Academy (1964) <sup>d</sup></b>										
Square Feet	-	-	-	-	-	-	-	-	83,627	85,846
Capacity (students)	-	-	-	-	-	-	-	-	737	741
Enrollment	-	-	-	-	-	-	-	-	-	-
<b>New Directions School (1993)</b>										
Square Feet	141,483	141,483	141,483	141,483	141,483	141,483	141,483	141,483	141,483	147,758
Capacity (students)	531	531	531	561	665	665	665	645	615	614
Enrollment	1,042	1,031	967	868	521	833	608	505	490	462
<b>North Vo-Tech (1991)</b>										
Square Feet	61,927	61,927	61,927	61,927	61,927	61,927	61,927	61,927	61,927	64,842
Capacity (students)	391	391	391	391	334	324	324	324	324	324
Enrollment	51	58	61	57	76	44	67	50	28	28
<b>Royal Palm Exceptional (1994)</b>										
Square Feet	59,332	59,332	59,332	59,332	59,332	59,332	59,332	59,332	59,332	59,484
Capacity (students)	189	189	189	189	230	230	230	230	230	230
Enrollment	198	190	193	207	206	202	196	174	165	173

(Continue)

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

	<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>	<u>June 30, 2011</u>
<b>Ancillary Facilities</b>										
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	35,237	35,237	22,301	22,301	22,301	21,465
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	20,395
Hipps Building (1955)										
Square Feet	40,222	40,222	40,222	40,222	40,222	40,222	40,222	40,222	40,222	39,184
Maintenance (1972)										
Square Feet	65,419	65,419	65,419	65,419	65,419	65,419	65,419	63,801	63,801	62,762
New Administrative Complex (1986) <sup>a</sup>										
Square Feet	-	-	-	330,000	330,000	298,859	298,859	298,859	298,859	288,475
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	18,308	18,308	18,308	18,308	18,308	18,417
Transportation Central (1960)										
Square Feet	12,456	12,456	12,456	12,456	12,456	12,456	28,307	28,307	28,307	28,852
Transportation East (2004)										
Square Feet	-	-	1,500	1,500	6,568	6,568	6,568	6,568	6,568	6,351
Transportation Leonard (2009)										
Square Feet	-	-	-	-	-	-	-	25,124	25,124	25,125
Transportation North (1995)										
Square Feet	34,826	34,826	34,826	34,826	34,826	34,826	20,492	20,492	20,492	22,602
Transportation 6 Mile Cypress (2004)										
Square Feet	-	-	8,000	8,000	26,965	26,965	26,965	26,965	26,965	25,540

(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.

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

**FEDERAL REPORTS AND  
SCHEDULES**

**LEE COUNTY  
DISTRICT SCHOOL BOARD  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Fiscal Year Ended June 30, 2011**

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass - Through Grantor Number	Amount of Expenditures (1)
<b>United States Department of Agriculture:</b>			
Indirect:			
Child Nutrition Cluster:			
Florida Department of Education:			
School Breakfast Program	10.553	321	\$ 6,114,900
National School Lunch Program	10.555	300	19,263,588
Summer Food Service Program for Children	10.559	323	650,053
Florida Department of Agriculture and Consumer Services:			
National School Lunch Program	10.555 (2)	None	<u>304,029</u>
<b>Total Child Nutrition Cluster</b>			<u>26,332,570</u>
Florida Department of Education:			
ARRA - Child Nutrition Discretionary Grants Limited Availability	10.579	371	6,234
Fresh Fruit and Vegetable Program	10.582	None	<u>137,367</u>
<b>Total United States Department of Agriculture</b>			<u>26,476,171</u>
<b>United States Department of Transportation:</b>			
Direct:			
ARRA - Federal-Aid Highway Program, Federal Lands Highway Program, Recovery Act	20.205	N/A	<u>2,400</u>
<b>United States Department of Commerce:</b>			
Direct:			
Congressionally Identified Awards and Projects	11.469	N/A	<u>15,209</u>
<b>United States Department of Education:</b>			
Direct:			
Impact Aid	84.041	N/A	20,234
Federal Pell Grant Program	84.063	N/A	2,006,931
Safe and Drug-Free Schools and Communities - National Programs	84.184	N/A	186,190
Fund for the Improvement of Education	84.215	N/A	229,483
Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grant)	84.330	N/A	23,982
Homeless Education Disaster Assistance Program	84.383	N/A	<u>26,418</u>
<b>Total Direct</b>			2,493,238
Indirect:			
Special Education Cluster:			
Florida Department of Education:			
Special Education - Grants to States	84.027	262, 263	12,979,285
Special Education - Preschool Grants	84.173	266, 267	454,099
ARRA - Special Education - Grants to States, Recovery Act	84.391	263	13,280,487
ARRA - Special Education - Preschool Grants, Recovery Act	84.392	267	<u>240,127</u>
<b>Total Special Education Cluster</b>			26,953,998
Title I, Part A Cluster:			
Florida Department of Education:			
Title I Grants to Local Educational Agencies	84.010	212, 222, 223, 226, 228	18,403,021
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	212, 223, 226	<u>5,308,759</u>
<b>Total Title I, Part A Cluster</b>			23,711,780
Education for Homeless Children and Youth Cluster:			
Florida Department of Education:			
Education for Homeless Children and Youth	84.196	127	111,037
ARRA - Education for Homeless Children and Youth, Recovery Act	84.387	127	<u>1,172</u>
<b>Total Education for Homeless Children and Youth Cluster</b>			112,209
Educational Technology State Grants Cluster:			
Florida Department of Education:			
Education Technology State Grants	84.318	121	44,224
ARRA Education Technology State Grants, Recovery Act	84.386	121, 122	<u>768,102</u>
<b>Total Educational Technology State Grants Cluster</b>			812,326
State Fiscal Stabilization Fund Cluster:			
Florida Department of Education:			
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	591	27,333,955
ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	592	<u>565,009</u>
<b>Total State Stabilization Fund Cluster</b>			27,898,964

**LEE COUNTY  
DISTRICT SCHOOL BOARD  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)  
For the Fiscal Year Ended June 30, 2011**

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass - Through Grantor Number	Amount of Expenditures (1)
<b>Florida Department of Education:</b>			
Adult Education - Basic Grants to States	84.002	191, 193	678,207
Migrant Education - State Grant Program	84.011	217	473,432
Career and Technical Education - Basic Grants to States	84.048	151	1,214,712
Safe and Drug-Free Schools and Communities - State Grants	84.186	103	43,691
Charter Schools	84.282	298	598,047
Twenty-First Century Community Learning Center	84.287	244	71,805
English Language Acquisition Grants	84.365	102	913,967
Improving Teacher Quality State Grants	84.367	224	2,973,515
State Fiscal Stabilization Funds (SFSF) - Race to the Top - Incentive Grants, Recovery Act	84.395	RL111	464,222
Education Jobs Fund	84.410	541	17,363,509
Washington County District School Board:			
Reading First State Grants	84.357	None	43,597
			<u>24,838,704</u>
<b>Total Indirect</b>			<u>104,327,981</u>
<b>Total United States Department of Education</b>			<u>106,821,219</u>
<b>United States Department of Health and Human Services:</b>			
Direct:			
Head Start Cluster:			
Head Start	93.600 (3)	N/A	5,259,050
ARRA - Head Start	93.708 (3)	N/A	867,131
ARRA - Early Head Start	93.709 (3)	N/A	1,331,754
			<u>7,457,935</u>
<b>Total United States Department of Health and Human Services</b>			
<b>Corporation for National and Community Service:</b>			
Indirect:			
Florida Department of Education:			
Learn and Serve America - School and Community Based Programs	94.004	234	14,652
			<u>14,652</u>
<b>United States Department of Defense:</b>			
Direct:			
Army Junior Reserve Officers Training Corps	None	N/A	1,089,726
			<u>1,089,726</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 141,877,312</u>

Notes:

- (1) **Basis of Presentation.** The Schedule of Expenditures of Federal Awards represents amounts expended from Federal programs during the 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: National School Lunch Program** - Represents the amount of donated food received during the fiscal year. Donated foods are valued at fair value as determined at the time of donation.
- (3) **Head Start.** For CFDA 93.600, expenditures include \$5,097,122 for grant number/program year 04CH3269/45 and \$161,928 for grant number/program year 04CH3269/44. For CFDA 93.708, expenditures include \$579,101 for grant number/program year 04SH3269/02, \$161,015 for grant number/program year 04SE3269/01, and \$127,015 for grant number/program year 04SH3269/01. For CFDA 93.709, expenditures include \$933,497 for grant number/program year 04SA3269/02 and \$398,257 for grant number/program year 04SA3269/01.



DAVID W. MARTIN, CPA  
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The President of the Senate, the Speaker of the  
House of Representatives, and the  
Legislative Auditing Committee

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

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 Lee County District School Board as of and for the fiscal year ended June 30, 2011, which collectively comprise the District's basic financial statements, and have issued our report thereon under the heading **INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS**. Our report on the basic financial statements was modified to include a reference to 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. Other auditors audited the financial statements of the aggregate discretely presented component units, as described in our report on the Lee County District School Board's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

### **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 opinions 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

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.

#### **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, rules, 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 results of our operational audit of the District for the fiscal year ended June 30, 2011, will be presented in a separate report.

Pursuant to Section 11.45(4), Florida Statutes, this report is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, Federal and other granting agencies, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



David W. Martin, CPA  
December 16, 2011  
Audit Report No. 2012-059





DAVID W. MARTIN, CPA  
AUDITOR GENERAL

# AUDITOR GENERAL STATE OF FLORIDA

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The President of the Senate, the Speaker of the  
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## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB *CIRCULAR A-133***

### **Compliance**

We have audited the Lee County District School Board's compliance with the types of compliance requirements described in the United States Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the fiscal year ended June 30, 2011. The District's major Federal programs are identified in the **SUMMARY OF AUDITOR'S RESULTS** section of the **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 District 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 compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the fiscal year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB *Circular A-133* and which are described in the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** section of this report as Federal Awards Finding Nos. 1 through 3.



## Internal Control Over Compliance

District management is responsible for establishing and maintaining effective internal control over compliance with 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 to determine 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 was not designed to identify all deficiencies in internal control 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. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** section of this report as Federal Awards Finding Nos. 1 through 3. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Management's response to the findings described in the **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** section of this report is included as Exhibit A. We did not audit management's response and, accordingly, we express no opinion on the response.

Pursuant to Section 11.45(4), Florida Statutes, this report is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, Federal and other granting agencies, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



David W. Martin, CPA

December 16, 2011

Audit Report No. 2012-059

**LEE COUNTY  
DISTRICT SCHOOL BOARD  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be a material weakness(es)?	None reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(es) identified that are not considered to be a material weakness(es)?	Yes
Type of report the auditor issued on compliance for major programs:	Unqualified for all major programs

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB *Circular A-133*? Yes

Identification of major programs: Child Nutrition Cluster (CFDA Nos. 10.553, 10.555, and 10.559); Title I, Part A Cluster (CFDA Nos. 84.010 and 84.389 – ARRA); Special Education Cluster (CFDA Nos. 84.027, 84.173, 84.391 – ARRA, and 84.392 – ARRA); State Fiscal Stabilization Funds Cluster (CFDA Nos. 84.394 – ARRA and 84.397 – ARRA); Education Jobs Fund (CFDA No. 84.410); and Head Start Cluster (CFDA Nos. 93.600, 93.708 – ARRA, and 93.709 – ARRA).

Dollar threshold used to distinguish between Type A and Type B programs: \$3,000,000

Auditee qualified as low-risk auditee? Yes



**LEE COUNTY  
DISTRICT SCHOOL BOARD  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

**Federal Awards Finding No. 1:**

**Federal Agency: United States Department of Education**

**Pass-Through Entity: Florida Department of Education**

**Program: Special Education Cluster (CFDA Nos. 84.027, 84.173, 84.391 – ARRA, and 84.392 - ARRA)**

**Finding Type: Noncompliance and Significant Deficiency**

**Questioned Costs: \$514,035**

**Matching, Level of Effort, Earmarking – Maintenance of Effort.** Title 34, Sections 300.203 and 300.204, Code of Federal Regulations, require that the amount of State and local funds expended by the District on special education related services during the audit period be at least equal, in total or average per capita, to that of the prior fiscal year. Allowances for decreases in maintenance of effort may be made for certain reasons such as the departure of special education personnel; a decrease in the enrollment of students with disabilities; and the termination of costly expenditures for long-term purchases, such as the acquisition of equipment and the construction of school facilities.

The District generates and reviews quarterly reports to monitor its State and local maintenance of effort expenditure requirements; however, the District mistakenly included American Recovery and Reinvestment Act (ARRA) funds in its calculations, which should be excluded to demonstrate compliance. Consequently, for the 2010-11 fiscal year, District records indicated that State and local expenditures, in total and average per capita, decreased from the 2009-10 fiscal year to the 2010-11 fiscal year, as shown below:

Source	Fiscal Years		Difference
	2009-10	2010-11	
General Fund Special Education Expenditures	\$ 60,602,188	\$ 57,896,061	\$ 2,706,127
Add: State Fiscal Stabilization Funds Special Education Fund Expenditures	2,153,585	3,969,351	(1,815,766)
Less: General Fund Special Education Capital Outlay Expenditures	(11,743)	(11,381)	(362)
Subtotal Expenditures (Deficiency in Total Expenditures)	<u>\$ 62,744,030</u>	<u>\$ 61,854,031</u>	\$ 889,999
Full-Time Equivalent (FTE) Enrollment in Special Education	17,138	17,052	
Expenditures Per FTE	<u>\$ 3,661</u>	<u>\$ 3,627</u>	
Part B Entitlement Flow-Through Funds		\$ 16,189,739	
Less: Prior Year Entitlement		16,067,503	
Reduction of Maintenance of Effort (MOE)		<u>\$ 122,236</u>	
Allowance for MOE Flexibility (Reduction of MOE times 50%)			(61,118)
Allowance for Decrease in FTE (86 FTE Decrease times \$3,661 Average Expended for 2009-10 Fiscal Year)			<u>(314,846)</u>
Deficiency in Expenditures of State and Local Resources (Calculated Per Capita)			<u>\$ 514,035</u>

In addition, District records did not evidence that the District met a qualified exemption from the maintenance of effort requirement. Consequently, the deficiency in maintenance of effort from State and local funds totaling \$514,035 represents questioned costs subject to disallowance by the grantor. Without effective procedures to monitor

applicable maintenance of effort requirements, the risk increases that State and local funds will not be properly allocated and expended for special education services.

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**Recommendation:** The District should enhance controls over State and local resources allocated and expended for District Special Education programs to ensure compliance with Federal maintenance of effort requirements. In addition, the District should document to the grantor (Florida Department of Education) its compliance with these requirements or restore \$514,035 to the Special Education programs.

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District Contact Person: Greta Campbell, Executive Director of Financial Services

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**Federal Awards Finding No. 2:**  
**Federal Agency:** United States Department of Education  
**Pass-Through Entity:** Florida Department of Education  
**Program:** Special Education – Grants to States, Recovery Act (CFDA No. 84.391 – ARRA)  
**Finding Type:** Noncompliance and Significant Deficiency  
**Questioned Costs:** \$394,504

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**Period of Availability.** Title 34, Section 80.23, Code of Federal Regulations, provides that where a funding period is specified in a Federal award, a grantee may charge to the award only costs resulting from obligations incurred during the funding period. The District received Special Education – ARRA grant funds, totaling approximately \$13.2 million, with a grant period from April 20, 2009 to September 30, 2011. The District used grant proceeds, totaling \$526,005, to lease an online individual education plan (IEP) case management software system for the period July 1, 2010 through June 30, 2015. The Florida Department of Education-approved grant application for this program included a line item amount of \$108,000 for this lease.

District personnel indicated that the 5-year commitment was made to lock-in the price at the initial-year cost and avoid future costs for increases in company fees or the number of Special Education program students. However, the period of availability for the grant ended September 30, 2011, resulting in questioned costs of \$78,900.75 for the period October 1, 2011, through June 30, 2012, and \$315,603 for the period July 1, 2012 through June 30, 2015, a total of \$394,504 subject to disallowance by the grantor.

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**Recommendation:** The District should enhance its procedures to ensure that Federal grant expenditures are only incurred within the period of availability. In addition, the District should document to the grantor (Florida Department of Education) the allowability of the \$394,504 in questioned costs or restore these moneys to the Special Education – ARRA program.

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District Contact Person: Greta Campbell, Executive Director of Financial Services



**Federal Awards Finding No. 3:**

**Federal Agency:** United States Department of Education

**Pass-Through Entity:** Florida Department of Education

**Program:** Special Education Cluster (CFDA Nos. 84.027, 84.173, 84.391 - ARRA, and 84.392 - ARRA); Educational Technology State Grants Cluster (CFDA Nos. 84.318 and 84.386 - ARRA); State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act (CFDA 84.395 - ARRA); State Fiscal Stabilization Fund Cluster (CFDA Nos. 84.394 - ARRA and 84.397- ARRA); and Education Jobs Fund (CFDA 84.410)

**Finding Type:** Noncompliance and Significant Deficiency

**Questioned Costs:** Not Applicable

**Reporting – Schedule of Expenditures of Federal Awards.** United States Office of Management and Budget *Circular A-133* requires the District to prepare a Schedule of Expenditures of Federal Awards (SEFA) that contains certain information, such as a list of Federal programs by Federal agency, individual Federal programs within a cluster of programs, and the total Federal awards expended for each Federal program. Also, *Circular A-133* requires the District to obtain compliance audits of major Federal awards at least once every three years for awards with expenditures that equal or exceed \$3 million for entities with Federal expenditures exceeding \$100 million but less than \$10 billion. In addition, Title 2, Section 176.210(b), Code of Federal Regulations, as amended in April 2009, requires the District to separately identify the expenditures for Federal awards under the American Recovery and Reinvestment Act (ARRA) on the SEFA.

We noted instances in which the District's SEFA did not properly report certain required data, contrary to *Circular A-133*. For example, through our review of District records and inquiries, we determined that:

- The District did not separately identify Education Jobs Fund expenditures totaling \$17,363,509, but misreported these expenditures in the Special Education Cluster and ARRA – State Fiscal Stabilization Funds. As a result of these errors, total SEFA expenditures were overstated by approximately 12 percent.
- ARRA expenditures totaling \$768,102 were not separately reported on the SEFA for the Education Technology State Grants program, but were included in the program's non-ARRA expenditures.
- ARRA expenditures totaling \$464,222 for the Race-to-the-Top program were misreported as State Fiscal Stabilization Grants.

Without procedures to accurately report Federal programs and related expenditures on the SEFA, the risk increases that major Federal programs may not be audited, contrary to Federal requirements, and costs associated with those programs may be subject to disallowance by the grantors.

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**Recommendation:** The District should enhance its procedures to ensure the accuracy of the Schedule of Expenditures of Federal Awards.

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District Contact Person: Greta Campbell, Executive Director of Financial Services

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### PRIOR AUDIT FOLLOW-UP

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The District had taken corrective actions for findings included in previous reports on audits of the District's financial statements and Federal awards.

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### MANAGEMENT'S RESPONSE

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Management's response is included as Exhibit A.

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – FEDERAL AWARDS

*LEE COUNTY  
 DISTRICT SCHOOL BOARD  
 SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - FEDERAL AWARDS  
 For the Fiscal Year Ended June 30, 2011*

Listed below is the District's summary of the status of prior audit findings on Federal programs:

Audit Report No. and Federal Awards Finding No.	Program/ Area	Brief Description	Status	Comments
Cherry, Bekaert, & Holland, LLP		There were no prior Federal audit findings.		

EXHIBIT A  
MANAGEMENT'S RESPONSE



THE SCHOOL DISTRICT OF LEE COUNTY

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

December 9, 2011

The Honorable David W. Martin, CPA  
Auditor General, State of Florida  
G74 Claude Pepper Building  
111 West Madison Street  
Tallahassee, FL 32399-1450

Dear Mr. Martin:

Enclosed is the response to the Preliminary and Tentative Audit Findings on the Financial Federal audit of the Lee County School Board for the fiscal year ended June 30, 2011. Thank you for your assistance.

Sincerely,

A handwritten signature in blue ink that reads "Joseph P. Burke".

Joseph P. Burke, Ed.D.  
Superintendent

Enclosures

Cc: Ms. Mary Fischer, Chairman, Lee County School Board  
Mrs. Jeanne Dozier, Vice Chairman, Lee County School Board  
Members, Lee County School Board  
Dr. Alberto Rodriguez, Chief Administrative Officer  
Mrs. Greta S. Campbell, Executive Director of Financial Services

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

EXHIBIT A  
MANAGEMENT'S RESPONSE (CONTINUED)

The School District of Lee County, Florida  
Response From the Audited District  
For Fiscal Year Ended June 30, 2011

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**Federal Awards Finding No. 1:**  
**Federal Agency:** United States Department of Education  
**Pass-Through Entity:** Florida Department of Education  
**Program:** Special Education Cluster (CFDA Nos. 84.027, 84.173, 84.391 – ARRA, and 84.392 - ARRA)  
**Finding Type:** Noncompliance and Significant Deficiency  
**Questioned Costs:** \$514,035

---

**Recommendation:** The District should enhance controls over State and local resources allocated and expended for District Special Education programs to ensure compliance with Federal maintenance of effort requirements. In addition, the District should document to the grantor (Florida Department of Education) its compliance with these requirements or restore \$514,035 to the Special Education programs.

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**Response:** The District agrees that controls over resources expended for special education programs are critical. Our understanding of the allowance for reduction of maintenance of effort due to increase from prior year entitlement was different that what is presented in this finding. The IDEA ARRA entitlement was given to districts for a two year period. Because the entitlement was intended to be used over a two year period, we included IDEA ARRA expenditures from 2011 and 2010 in the comparison for allowance of reduction of MOE. Our calculation led to additional allowance of reduction of MOE, and is what we relied on to monitor our compliance. We will be applying for a waiver from the DOE, but are also prepared to restore the questioned amount if that waiver is denied.

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**Federal Awards Finding No. 2:**  
**Federal Agency:** United States Department of Education  
**Pass-Through Entity:** Florida Department of Education  
**Program:** Special Education – Grants to States, Recovery Act (CFDA No. 84.391 – ARRA)  
**Finding Type:** Noncompliance and Significant Deficiency  
**Questioned Costs:** \$394,504

---

**Recommendation:** The District should enhance its procedures to ensure that Federal grant expenditures are only incurred within the period of availability. In addition, the District should document to the grantor (Florida Department of Education) the allowability of the \$394,504 in questioned costs or restore these moneys to the Special Education – ARRA program.

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**Response:** The District will enhance its procedures to include a regular review of all purchases approved by Departments using grant funds. However, according to the Reference Guide for State Expenditures, page 13, "Advance payment may be made for maintenance agreements, software license agreements, and subscriptions that meet one of the following criteria:



EXHIBIT A  
MANAGEMENT'S RESPONSE (CONTINUED)

**Advance payment will result in a savings to the Stat that is equal to or greater than the amount the State would earn by investing the funds and paying in arrears.**

**The goods or services are essential to the operation of a state agency and are available only if advance payment is made.**

**Prior approval of the Bureau of Auditing is required for advance payments made for maintenance agreements, software license agreements, and subscriptions that exceed the threshold of Category Two as defined by s. 287.017, F.S."**

**The purchase of the IEP software, meets the criteria one (1) because of the savings based on the cost per FTE and product price increases. Staff will continue to work with District Departments to ensure that advance payments are handled in accordance with the guidelines of prior approval by Florida Department of Education.**

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**Federal Awards Finding No. 3:**

**Federal Agency: United States Department of Education**

**Pass-Through Entity: Florida Department of Education**

**Program: Special Education Cluster (CFDA Nos. 84.027, 84.173, 84.391 - ARRA, and 84.392 - ARRA); Educational Technology State Grants Cluster (CFDA Nos. 84.318 and 84.386 - ARRA); State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act (CFDA 84.395 - ARRA); State Fiscal Stabilization Fund Cluster (CFDA Nos. 84.394 - ARRA and 84.397- ARRA); and Education Jobs Fund (CFDA 84.410)**

**Finding Type: Noncompliance and Significant Deficiency Questioned Costs: Not Applicable**

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**Recommendation: The District should enhance its procedures to ensure the accuracy of the Schedule of Expenditures of Federal Awards.**

**Response: The District will enhance its procedures to ensure the accuracy of the Schedule of Expenditures of Federal Awards.**

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