



THE SCHOOL DISTRICT OF LEE COUNTY
FORT MYERS, FLORIDA

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR YEAR ENDED JUNE 30, 2012**



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, 2012**

Prepared by:
Financial Accounting Department

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2012**

Table of Contents

Introductory Section

Letter of Transmittal.....	1
Principal Elected Officials (School Board Members).....	8
Superintendent and Principal District Officials	9
Organizational Chart.....	10
ASBO Certificate of Excellence	11
GFOA Certificate of Achievement.....	12

Financial Section

Report of Independent Certified Public Accountants.....	13
Management’s Discussion and Analysis.....	16
Basic Financial Statements:	
Governmental-Wide Financial Statements	
Statement of Net Position.....	33
Statement of Activities.....	34
Fund Financial Statements	
Balance Sheet – Governmental Funds.....	35
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.....	36

Financial Section (continued)

Basic Financial Statements (continued)

Fund Financial Statements

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	37
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities	38
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – General Fund	39
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – Federal Economic Stimulus – Special Revenue Fund	40
Statement of Net Position – Proprietary Funds	41
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds.....	42
Statement of Cash Flows – Proprietary Funds	43
Statement of Fiduciary Assets and Liabilities – Agency Funds ..	44
Notes to the Basic Financial Statements.....	45

Required Supplementary Information:

Schedule of Funding Progress – Other Postemployment Benefits	85
Schedule of Employer Contributions – Other Postemployment Benefits	86

Financial Section (continued)

Other Supplementary Information:

Combining and Individual Fund Statements and Schedules

Combining Balance Sheet – Nonmajor Governmental Funds 90

Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances – Nonmajor Governmental Funds... 91

Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual:

Certificates of Participation – Debt Service Fund 92

ARRA Economic Stimulus – Debt Service Fund 93

Local Capital Improvements Tax – Capital Projects Fund 94

Certificates of Participation/ Impact Fees/
State Grants – Capital Projects Fund 95

ARRA Economic Stimulus – Capital Projects Fund 96

Contracted Programs – Special Revenue Fund 97

Food Service – Special Revenue Fund 98

SBE/COBI Bonds – Debt Service Fund..... 99

Public Education Capital Outlay – Capital Projects Fund 100

Capital Outlay and Debt Service – Capital Projects Fund 101

Proprietary Fund - Internal Service Funds

Combining Statement of Net Position – Internal Service Funds..... 104

Combining Statement of Revenues, Expenses, and Changes
in Fund Net Position – Internal Service Funds 105

Combining Statement of Cash Flows – Internal Service Funds 106

Financial Section (continued)

Fiduciary Funds

Statement of Changes in Assets and Liabilities – Fiduciary Funds-Agency Funds.....	108
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Component Units

Combining Schedule of Net Position.....	110
Combining Schedule of Activities	116

Statistical Section

Table 1: Net Position by Component.....	122
Table 2: Changes in Net Position	123
Table 3: Fund Balances of Governmental Funds	124
Table 4: Changes in Fund Balances - Governmental Funds.....	125
Table 5: Assessed and Estimated Actual Value of Taxable Property.....	127
Table 6: Property Tax Rates – Direct and Overlapping Governments....	128
Table 7: Principal Property Taxpayers	129
Table 8: Property Tax Levies and Collections	130
Table 9: Ratio of Outstanding Debt by Type	131
Table 10: Computation of Legal Debt Margin.....	132
Table 11: Direct and Overlapping Governmental Activities Debt.....	133
Table 12: Pledged-Revenue Coverage	134
Table 13: Demographic Statistics.....	135
Table 14: Principal Employers.....	136

Statistical Section (continued)

Table 15:	Number of Full-time Personnel.....	137
Table 16:	Teachers' Base Salaries.....	138
Table 17:	Operating Statistics	139
Table 18:	Food Service Operating Data	140
Table 19:	School Building Information.....	141

Federal Reports and Schedules

Schedule of Expenditures of Federal Awards	152
<i>Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....</i>	<i>154</i>
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.....	156
Schedule of Findings and Questioned Costs	158
Schedule of Prior Audit Findings – Federal Awards.....	160
Auditors' Management Letter	162

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INTRODUCTORY SECTION



THE SCHOOL DISTRICT OF LEE COUNTY

2855 COLONIAL BLVD. ♦ FORT MYERS, FLORIDA 33966 ♦ WWW.LEESCHOOLS.NET

December 19, 2012

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

MARY FISCHER
CHAIRMAN, DISTRICT 1
DON H. ARMSTRONG
VICE CHAIRMAN, DISTRICT 4
JEANNE S. DOZIER
DISTRICT 2
CATHLEEN O'DANIEL MORGAN
DISTRICT 3
THOMAS SCOTT
DISTRICT 5
JOSEPH BURKE, ED.D.
SUPERINTENDENT
KEITH B. MARTIN, ESQ.
BOARD ATTORNEY

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, 2012.

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 accounting firm, Mauldin & Jenkins, L.L.C. conducted the audit for the fiscal year ended June 30, 2012. 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, 2012, 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, 2012. 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 Statutes 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 2012 is 631,330 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 nineteen 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 12th grade, basic and enrichment programs, and exceptional student education. The District also provides vocational and adult programs.

During the 2011-12 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 83,659 unweighted full-time equivalent students. The District plans to open one new elementary and one new middle school in the 2012-13 fiscal year. In addition, the District sponsored 19 charter schools that are component units of the District and does not plan to sponsor any additional charter schools during the 2012-13 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 475,073 in 2002 to 631,300 in 2012 an increase of 32.9 percent. This compares to an 14.2 percent increase for Florida overall and a 8.1 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 770,000 by 2020, and to more than 1,300,000 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, an additional 300 students in 2011 and an additional 2,800 students in 2012. 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 11,847 full and part-time employees, including 5,108 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 2012 the District realized a net increase in student population. State and District projections indicate that approximately 2,300 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 82,100, 81,300 and 106,900 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 5 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, an additional \$67.5 million during fiscal year 2011 and an additional \$5.8 million during the fiscal year 2012. 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 construction of one new elementary school and one new middle school.

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

Awards and Acknowledgements

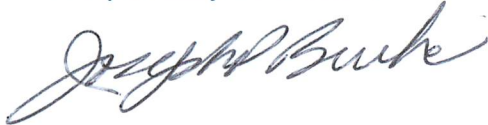
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting, and the Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2011. This was the ninth 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 audit staff of the accounting firm Mauldin & Jenkins, L.L.C. Each member of the Financial Accounting Department and the audit staff of Mauldin & Jenkins, L.L.C., 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 black ink that reads "Joseph 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 black 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



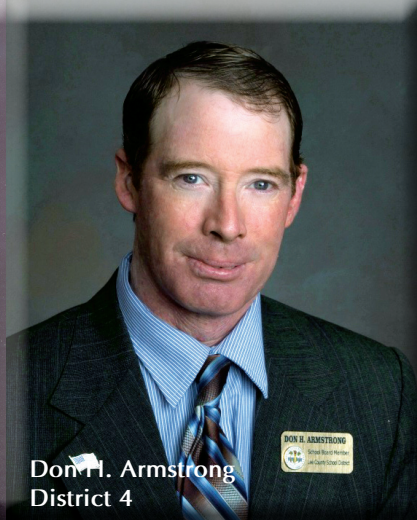
Mary Fischer, M.A.
Chairman, District 1



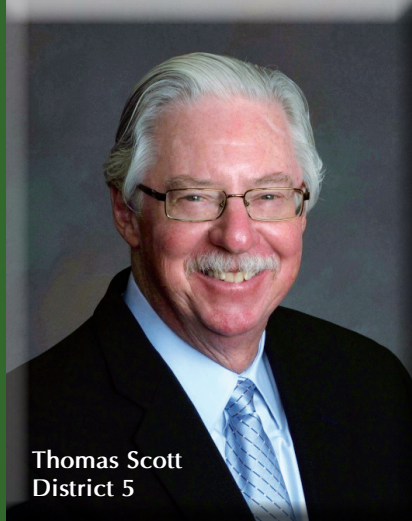
Jeanne S. Dozier
Vice Chairman, District 2



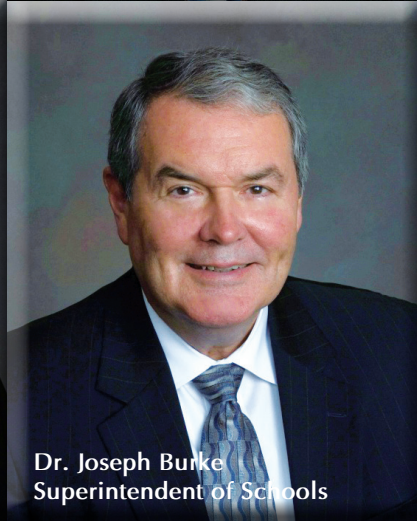
Jane E. Kuckel, Ph.D.
District 3



Don H. Armstrong
District 4



Thomas Scott
District 5



Dr. Joseph Burke
Superintendent of Schools



The School District of Lee County

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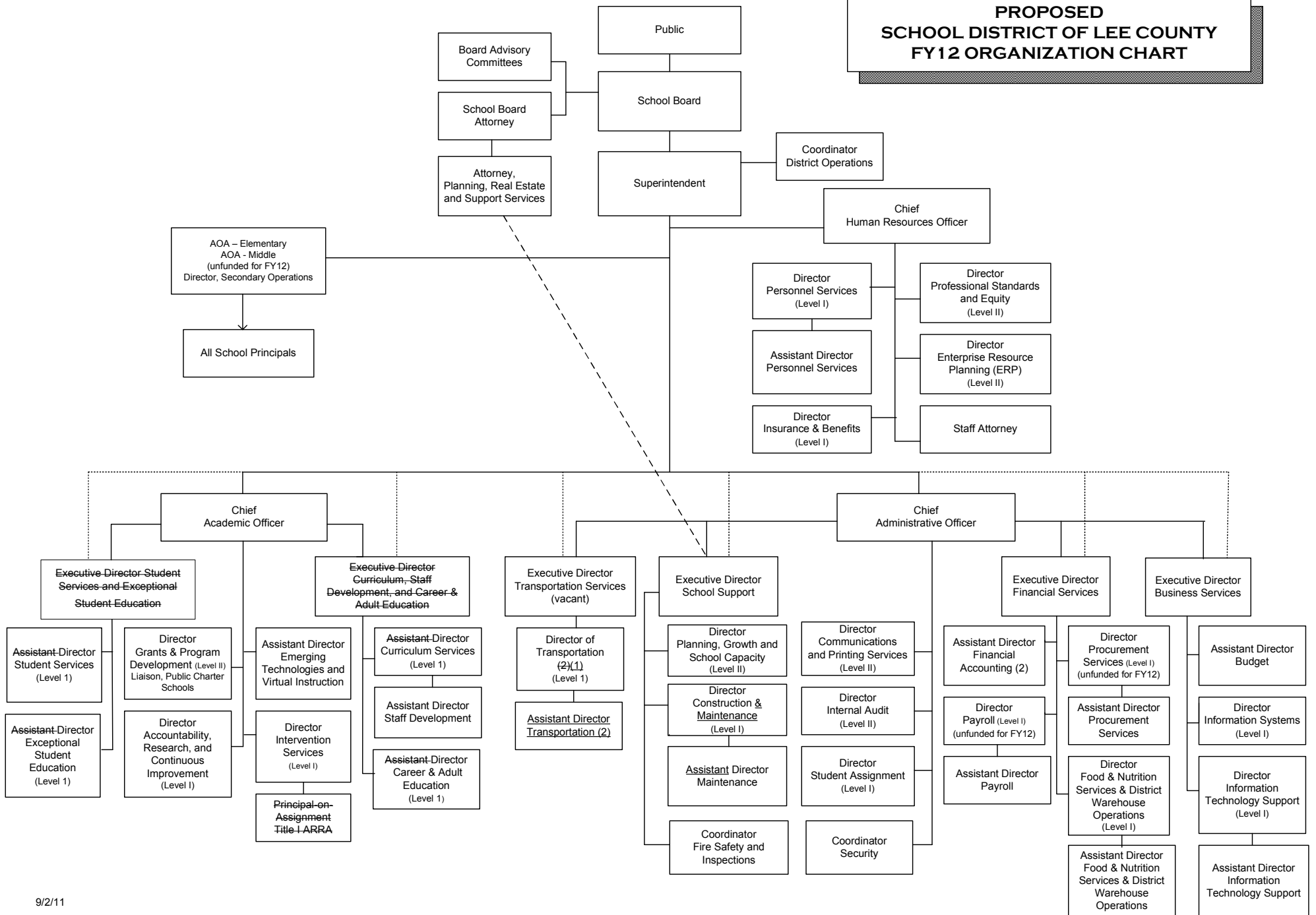
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**THE DISTRICT SCHOOL BOARD OF LEE COUNTY, FLORIDA
SUPERINTENDENT AND PRINCIPAL DISTRICT OFFICIALS**

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
Dr. Peter Bohatch	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. Henry Stelmacki	Director Food Service & Warehouse
Ms. Susan Malay	Assistant Director Procurement Services
Mrs. Rita Zazzaro	Assistant Director Payroll
Mr. Dwayne Alton	Director Information Technology Support

PROPOSED SCHOOL DISTRICT OF LEE COUNTY FY 12 ORGANIZATION CHART



Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award
is presented to*

The School District of Lee County

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2011*

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards



A handwritten signature in black ink, reading "Brian L. Mee".

Brian L. Mee, SFO, RSBA
President

A handwritten signature in black ink, reading "John D. Musso".

John D. Musso, CAE, RSBA
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, 2011

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.



Linda C. Sandison

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Superintendent and Members of the
School District of Lee County
Fort Myers, Florida

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the School District of Lee County, Florida, as of and for the year ended June 30, 2012, which collectively comprise the School District of Lee County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District of Lee County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit any of the financial statements of the aggregate discretely presented component units. All of those financial statements were audited by other auditors whose report thereon has 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 report 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provides a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the School District of Lee County as of June 30, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund and the Federal Economic Stimulus Fund for the 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 our report dated December 19, 2012, on our consideration of the School District of Lee County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 the Management's Discussion and Analysis, Schedule of Funding Progress—Other Postemployment Benefits and Schedule of Employer Contributions—Other Postemployment Benefits on pages 16 through 32 and 85 and 86 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 School District of Lee County's financial statements. The combining and individual nonmajor fund financial statements, and schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. Such information is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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, the combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of Federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District of Lee County, Florida's basic financial statements. The introductory and statistical sections, 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. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Mauldin & Jenkins, LLC

Bradenton, Florida
December 19, 2012

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, 2012. 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 \$1,186,867,752 at fiscal year ending June 30, 2012.
- Net position of the District decreased by \$54,385,976, in comparison to the 2010-11 fiscal year.
- The District's Government-wide revenues totaled \$763,115,124, comprised of general revenues of \$711,956,732 or 93.3 percent of the total revenues, program specific revenues from charges for services, operating grants and contributions, and capital grants and contributions, totaling \$51,158,392 or 6.7 percent of the total revenues.
- Expenses incurred by the District totaled \$817,501,100 for governmental related activities. Program specific revenues offset these expenses by \$51,158,392, and general revenues funded the difference.
- The District's governmental funds reported combined ending balances of \$334,350,220 or a decrease of \$93,320,407 or 21.8 percent in 2011-12 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 \$116,160,720, at June 30, 2012, or 18.9 percent of total General Fund expenditures.
- The General Fund total fund balance as of June 30, 2012, totaled \$143,510,901, a 13.3 percent decrease in comparison to the 2010-11 fiscal year total of \$165,586,422. The decrease in total fund balance of the General Fund is mainly attributed to the decrease in property tax revenues of \$34,432,214.

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

Figure A-2

Major Features of the Government-wide and Fund Financial Statements

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

Government-Wide Statements

The Government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position 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 position* and *how they have changed*. Net position (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 position is 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 20 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, Cape Preparatory and Fitness Academy, Inc., City of Palms Charter High 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, North Nicholas High School, Pivot Charter High School, Richard Milburn Academy of Florida, Inc., Richard Milburn Academy of Florida South, 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 Position. The District's *combined* net position was smaller on June 30, 2012, than the previous fiscal year; decreasing \$54.4 million to \$1,186.9 million (see Figure A-3). By far, the largest portion of the District's net position, \$903.9 million (76.2 percent) reflects its net investment in capital assets (e.g., land, construction in progress, buildings, improvements, equipment, motor vehicles, software and audio visual materials). 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 net 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 position, \$197.5 million (16.6 percent), represents resources that are subject to external restrictions on how they may be used. The remaining net position, \$85.5 million (7.2 percent), is unrestricted assets. Unrestricted net position 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 position. The same situation held true for the prior fiscal year.

Figure A-3

Condensed Statement of Net Position (in millions of dollars)

	Governmental Activities		Total Percentage Change
	2011	2012	
Current and Other Assets	\$ 550.9	\$ 453.1	(17.8)%
Capital Assets	1,386.6	1,397.8	0.8%
Total Assets	1,937.5	1,850.9	(4.5)%
Long-Term Debt Outstanding	630.7	610.0	(3.3)%
Other Liabilities	65.5	54.0	(17.6)%
Total Liabilities	696.2	664.0	(4.6)%
Net Position			
Net Invested in Capital Assets	896.7	903.9	0.8%
Restricted	233.7	197.5	(15.5)%
Unrestricted	110.9	85.5	(22.9)%
Total Net Position	\$ 1,241.3	\$ 1,186.9	(4.4)%

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
- A decrease in grant and contribution revenue.

Changes in Net Position. The District's total revenue decreased 8.1 percent to \$763.1 million (see Figure A-4). Property taxes and Grants and contributions, accounted for most of the District's revenue, contributing about 92 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 decreased 1.6 percent to \$817.5 million. Ninety 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 10 percent of total costs. The \$14.2 million decrease in instructional costs was derived largely from salary decreases and benefits, in this case for teachers and other educational staff.

Total expenses surpassed revenues, decreasing net position \$54.4 million and contributing to the District's worsened financial condition.

Figure A-4

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

	Governmental Activities		Total Percentage Change
	2011	2012	
<i>Revenues</i>			
<i>Program Revenues</i>			
Charges for Services	\$ 15.5	\$ 15.1	(1.9)%
Operating Grants and Contributions	27.0	28.6	5.9%
Capital Grants and Contributions	9.5	7.4	(22.1)%
<i>General Revenues</i>			
Property Taxes	453.1	430.9	(4.9)%
Florida Education Finance Program	80.3	89.1	11.0%
Other Federal Sources	117.4	65.0	(44.6)%
Other State Sources	115.3	116.0	0.6%
Other Local Sources	8.8	8.9	1.1%
Investment Earnings	3.4	2.1	(38.2)%
Total Revenues	830.3	763.1	(8.1)%
<i>Expenses</i>			
Instruction	433.2	419.0	(3.3)%
Pupil Personnel Services	27.0	26.2	(3.0)%
Instructional Media Services	4.3	5.1	18.6%
Instruction & Curriculum Development Services	12.9	11.8	(8.5)%
Instructional Staff Training Services	11.2	10.4	(7.1)%
Instructional Related Technology	4.6	5.7	23.9%
Board	0.8	0.8	0.0%
General Administration	4.8	4.8	0.0%
School Administration	42.4	40.7	(4.0)%
Facilities Services	90.7	96.2	6.1%
Fiscal Services	3.6	3.2	(11.1)%
Food Services	29.4	31.4	6.8%
Central Services	8.1	8.5	4.9%
Pupil Transportation Services	47.5	47.3	(0.4)%
Operation of Plant	63.9	63.8	(0.2)%
Maintenance of Plant	15.0	14.3	(4.7)%
Administrative Technology Services	5.4	5.4	0.0%
Community Services	4.1	4.1	0.0%
Unallocated Interest on Long-Term Debt	21.9	18.8	(14.2)%
Total Expenses	830.8	817.5	(1.6)%
Increase in Net Position	(0.5)	(54.4)	(10,780.0)%
Net Position, Beginning	1,241.8	1,241.3	0.0%
Net Position, Ending	\$ 1,241.3	\$ 1,186.9	(4.4)%

Figure A-5

Sources of Revenues for Fiscal Year 2012

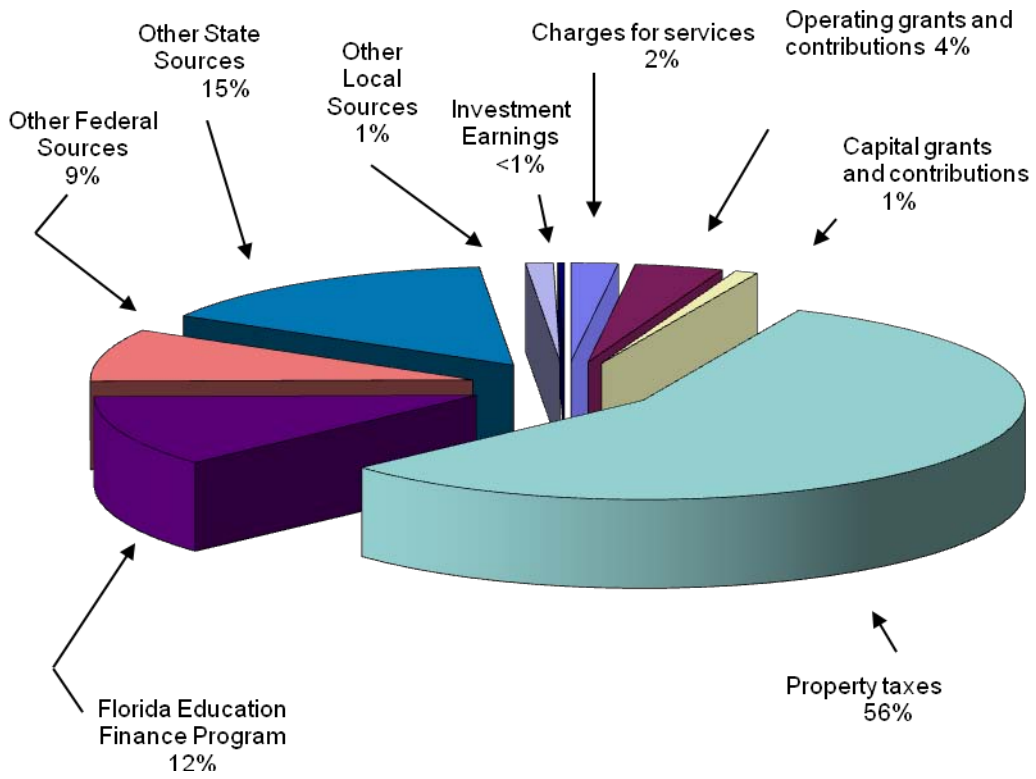
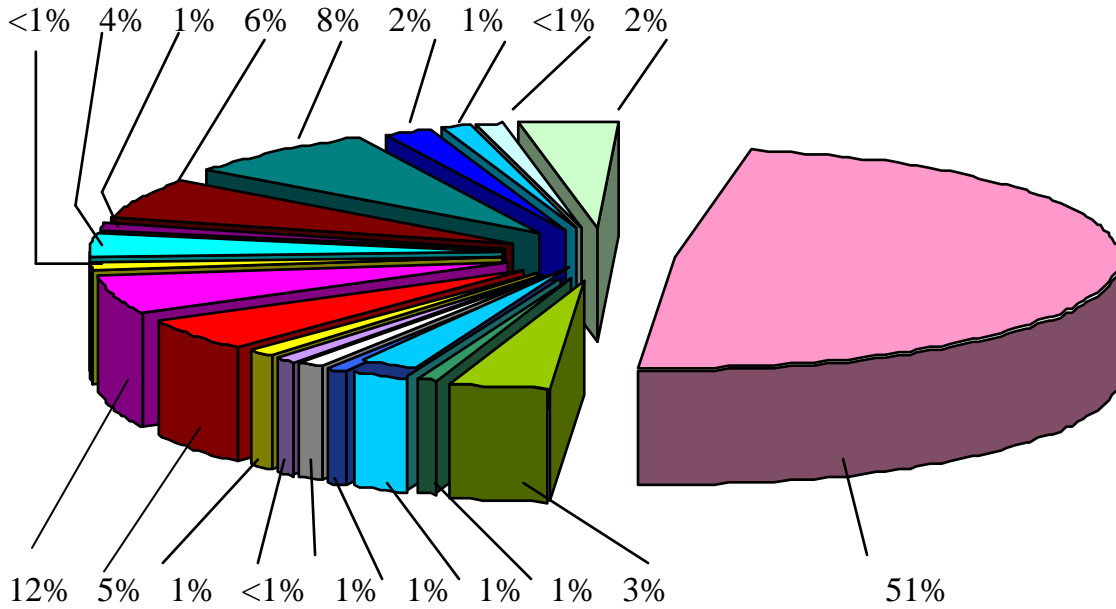


Figure A-6

Expenses for Fiscal Year 2012



- Instruction - 51%
- Pupil Personnel Services - 3%
- Instructional Media Services - 1%
- Instruction and Curriculum Development Services - 1%
- Instructional Staff Training Services - 1%
- Instructional Related Technology - 1%
- Board <1%
- General Administration - 1%
- School Administration - 5%
- Facilities Services - 12%
- Fiscal Services - <1%
- Food Services - 4%
- 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 - 2%

Governmental Activities

Revenues for the District's governmental activities decreased 8.1 percent, while expenses decreased 1.6 percent. The decrease in net position for governmental activities was \$54.4 million in 2012. The major impacts to revenue were the reduction in the net taxable assessed value from \$41,886,768 to \$39,175,792. This reduction in the net assessed taxable value was the major cause in the reduction of \$22,211,616 in ad valorem taxes collections.

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
	2011	2012	Change	2011	2012	Change
Instruction	433.2	419.0	(3.3)%	\$ (425.0)	\$ (411.0)	(3.3)%
Pupil Personnel Services	27.0	26.2	(3.0)%	(27.0)	(26.2)	(3.0)%
Instructional Media Services	4.3	5.1	18.6%	(4.3)	(5.1)	18.6%
Instruction & Curriculum Development Services	12.9	11.8	(8.5)%	(12.9)	(11.8)	(8.5)%
Instructional Staff Training Services	11.2	10.4	(7.1)%	(11.2)	(10.4)	(7.1)%
Instructional Related Technology	4.6	5.7	23.9%	(4.6)	(5.7)	23.9%
Board	0.8	0.8	0.0%	(0.8)	(0.8)	0.0%
General Administration	4.8	4.8	0.0%	(4.8)	(4.8)	0.0%
School Administration	42.4	40.7	(4.0)%	(42.4)	(40.7)	(4.0)%
Facilities Services	90.7	96.2	6.1%	(83.5)	(91.0)	9.0%
Fiscal Services	3.6	3.2	(11.1)%	(3.6)	(3.2)	(11.1)%
Food Services	29.4	31.4	6.8%	4.4	3.9	(11.4)%
Central Services	8.1	8.5	4.9%	(8.1)	(8.5)	4.9%
Pupil Transportation Services	47.5	47.3	(0.4)%	(47.0)	(46.9)	(0.2)%
Operation of Plant	63.9	63.8	(0.2)%	(63.9)	(63.8)	(0.2)%
Maintenance of Plant	15.0	14.3	(4.7)%	(15.0)	(14.3)	(4.7)%
Administrative Technology Services	5.4	5.4	0.0%	(5.4)	(5.4)	0.0%
Community Services	4.1	4.1	0.0%	(4.1)	(4.1)	0.0%
Unallocated Interest on Long-Term Debt	21.9	18.8	(14.2)%	(19.7)	(16.5)	(16.2)%
Total	\$ 830.8	817.5	(1.6)%	\$ (778.9)	\$ (766.3)	(1.6)%

The cost of all governmental activities this year was \$817.5 million.

Part of the cost was financed by the users of the District's programs (\$15.1 million).

The Federal and State governments subsidized certain programs with grants and contributions (\$36.0 million).

However, most of the District's costs (\$766.3 million) were financed by District and State taxpayers. This portion of governmental activities was financed with \$430.9 million from property taxes and \$278.9 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 \$334.4 million, which is below last year's ending fund balances of \$427.7 million. Unassigned fund balance of \$116.2 million represents 34.8 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 and prepaid items of \$2.5 million; 2) restricted by Federal and State statute of \$204.7 million; and 3) assigned for State and Local programs of \$11.0 million.

Seven of the twelve Governmental Funds had less revenue and other financing sources than expenditures and other financing uses in 2012, thereby contributing to the decrease in total fund balance. Most significantly, \$71.3 million of capital outlays connected with construction remodeling and renovation of various schools were expended in the current year using prior year resources. Some funds reflect increases (\$4.6 million) between current year revenues and expenditures. Food Service Fund contributed \$2.8 million because current year resources were not expended in the current year due to conservative spending.

The *General Fund* is the District's chief operating fund. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$116.2 million, while total fund balance reached \$143.5 million. During the current fiscal year, the fund balance of the General Fund decreased by \$22.1 million. A key factor in this decrease was a \$34.4 million decrease in Property tax 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 2012 was \$0.7 million, an increase of \$.5 million from 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 2012 was \$1.8 million. The reason for the this increase is due to the accumulated principal payments required to be deposited into a sinking fund until fiscal year 2026 when the debt will be paid.

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, 2012, the total fund balance was \$124.1 million, a decrease of \$1 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 \$44.1 million, a decrease of \$46 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 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 current fiscal year was \$1.5 million, a decrease of \$25.3 million from the prior fiscal year. The reason for this decrease is due to prior year resources being used to finance current year expenditures.

General Fund Budgetary Highlights

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

Amendments Related to Changes in Revenue Estimates.

Throughout the school year, the District received revised calculations in the FEFP (Florida Education Finance Program – the funding formula for Florida school districts), based on changes in student counts, State revenue estimates, and local tax roll estimates. With each calculation, the budget is amended to reflect the current revenue estimates provided in the FEFP. The District will also amend revenues in the General Fund for new State grants 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 \$0.7 million due to the unrecognized gain on fair market value of investments and \$1.9 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 increased \$1.3 million from the original budget to the final amended budget due to the rise in transportation costs.

- Although the District's final budget for the General Fund anticipated that expenditures would exceed revenues and other financing sources by approximately \$94.4 million, the actual results for the year show that expenditures exceeded revenues by \$22.1 million.

- The actual expenditures were \$75.9 million below budgeted levels. Actual expenditures for instruction were more than \$37.4 million below budgeted levels due to conservative spending at the schools.
- Actual expenditures for operation of plant were \$15.3 million below budgeted levels due to conservative spending.

Capital Assets and Debt Administration

Capital Assets

By the end of the 2011-12 fiscal year, the District had a net invested \$1,397.8 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 increase of \$11.2 million, or.8 percent, from last year. Additions to buildings, furniture, fixtures and equipment, and software amounted to \$16.3 million for the fiscal year. Total depreciation expense for the year was \$53.3 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		Total
	Activities		Percentage
	2011	2012	Change
Land	\$ 169.1	\$ 169.1	0.0%
Improvements Other Than Buildings	33.9	32.2	(5.0)%
Construction in Progress	3.7	56.9	1437.8%
Buildings	1,106.1	1,073.6	(2.9)%
Furniture, Fixtures and Equipment	26.5	25.8	(2.6)%
Motor Vehicles	24.6	19.1	(22.4)%
Audio Visual Materials and Software	22.7	21.1	(7.0)%
Total	\$ 1,386.6	\$ 1,397.8	0.8%

The District's approved five-year Capital Outlay Plan includes no new schools over the next five years. The District's student enrollment has grown over the last several years – 5.3 percent since 2008 for a present enrollment of 83,659 students.

The District's capital projects budget shows spending another \$359.9 million in the 2011-12 fiscal year for capital projects, principally in three areas:

- 1) \$37.2 million to renovate two schools and to complete the construction of two new schools.
- 2) \$18.6 million to continue the upgrade of technology equipment.
- 3) \$32.5 million to continue the maintenance of existing schools.

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>2011</u>	<u>2012</u>	
Certificates of Participation and Note Payables (financed with property taxes)	\$ 518.2	\$ 495.2	(4.4%)
State School Bonds (financed with specific taxes & fee revenues)	<u>15.1</u>	<u>13.4</u>	(11.3%)
Total	<u>\$ 533.3</u>	<u>\$ 508.6</u>	(4.6%)

During the fiscal year, the District refunded \$170.7 million in old debt.

The District continues to retire its outstanding debt as it becomes due, retiring \$22.8 million of outstanding certificates of participation and bonds during the 2011-12 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. With the exception of fiscal year 2009, when we had a decline of 500 students, the district has experienced healthy student growth in each year. However, starting in fiscal year 2007-08, and continuing through fiscal year 2011-12, per student funding received through the FEFP declined due to state funding shortfalls. In fiscal year 2012-13, per student funding is less than what we received in 2007.
- In fiscal year 2013, property values will decline for the fifth year in a row and millages will decrease as well. Property values are the lowest they have been since 2005 and millages are lower than 2005 levels, creating an additional strain on the budget.
- The District has worked to amass reserves since 2005. These reserves are being utilized in the current year to help balance the budget, and if FEFP revenue does not increase substantially in future years, reserves will continue to be utilized and/or reductions in the budget will need to be made in future years' budgets.
- 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 two new schools opened for the 2012-2013 school year, both in the east zone. The state's mandate for Districts to comply with the class size requirement at the CLASS level (as opposed to the school wide average) costs the District approximately \$12 million in FY12, with more ongoing future costs.
- On April 3, 2012, the Board approved the contract between the District and the Teachers Association of Lee County (TALC). The contract includes provisions for a step increase based on performance with a double step increase for unit members currently on steps 1 – 3 with 2 or more years of experience for Fiscal Year 2012-2013. An additional 30 minutes was added to the work week for all TALC bargaining unit members, to be paid at the employee's hourly rate. This additional of 30 minutes to the work week is a pilot for the 2012 – 2013 school year only and will be reevaluated during future negotiations. A new performance salary schedule and teacher career ladder will be implemented as a part of this agreement to begin in the 2013 – 2014 school year. The length of the TALC contract was extended by one year and will expire 2012-2013.

The Support Personnel Association of Lee County (SPALC) and the District Bargaining Teams are currently in negotiations.

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 POSITION
June 30, 2012

	<u>Primary Government</u>		<u>Total</u>
	<u>Governmental</u>	<u>Component</u>	<u>Reporting</u>
	<u>Activities</u>	<u>Units</u>	<u>Unit</u>
ASSETS			
Cash	\$ 38,094,464	\$ 6,466,076	\$ 44,560,540
Investments	390,557,869	-	390,557,869
Accounts Receivable	267,004	549,960	816,964
Deposits Receivable	-	161,952	161,952
Taxes Receivable	1,233,080	-	1,233,080
Due from Other Agencies	11,279,193	4,818,602	16,097,795
Due from Fiduciary Funds	-	24,791	24,791
Inventory	2,486,634	-	2,486,634
Prepaid Expenses	45,580	1,669,037	1,714,617
Capital Credits Receivable	7,505,243	-	7,505,243
Issuance Costs	1,301,467	-	1,301,467
Restricted assets (Cash with Fiscal Agent)	300,000	-	300,000
Capital assets:			
Non-depreciable	225,936,534	-	225,936,534
Depreciable, net	1,171,912,711	65,522,100	1,237,434,811
Total assets	1,850,919,779	79,212,518	1,930,132,297
LIABILITIES AND NET POSITION			
LIABILITIES			
Salaries and Wages Payable	633,404	1,635,222	2,268,626
Payroll Deductions and Withholdings	2,532,832	-	2,532,832
Accounts Payable	7,239,864	2,571,359	9,811,223
Construction Contracts Payable	3,006,146	-	3,006,146
Construction Contracts Payable - Retainage	2,785,038	-	2,785,038
Matured Principal and Interest Payable	27,870,296	-	27,870,296
Accrued Interest Payable	17,669	-	17,669
Deposits Payable	19,017	-	19,017
Unearned Revenue	9,947,038	-	9,947,038
Due to Other Agencies	7,327	1,886,605	1,893,932
Noncurrent liabilities:			
Portion due within one year:			
Notes Payable	910,078	179,522	1,089,600
Bonds Payable	1,650,000	-	1,650,000
Obligations under Capital Lease	-	1,471,185	1,471,185
Liability for Compensated Absences	4,422,570	-	4,422,570
Certificates of Participation Payable	21,080,000	-	21,080,000
Estimated Early Retirement Payable	30,000	-	30,000
Estimated Insurance Claims Payable	13,212,830	-	13,212,830
Portion due after one year:			
Notes Payable	5,998,442	668,110	6,666,552
Bonds Payable	11,774,854	-	11,774,854
Obligations under Capital Lease	-	71,855,365	71,855,365
Liability for Compensated Absences	54,040,260	-	54,040,260
Certificates of Participation Payable	467,241,129	-	467,241,129
Estimated Early Retirement Payable	1,234,000	-	1,234,000
Estimated Insurance Claims Payable	9,068,794	-	9,068,794
Postemployment Benefits Payable	19,330,439	-	19,330,439
Total liabilities	664,052,027	80,267,368	744,319,395
NET POSITION			
Net Investment in Capital Assets	903,860,005	(2,065,629)	901,794,376
Restricted for:			
State Required Carryover Programs	7,886,398	-	7,886,398
Debt Service	2,818,243	-	2,818,243
Capital Projects	162,283,864	176,008	162,459,872
Food Service	17,980,470	-	17,980,470
Other Purposes	6,553,196	2,589,673	9,142,869
Unrestricted	85,485,576	(1,754,902)	83,730,674
Total net position	\$ 1,186,867,752	\$ (1,054,850)	\$ 1,185,812,902

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, 2012

FUNCTIONS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total Reporting Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Units	
Governmental activities:							
Instruction	\$ 418,984,609	\$ 7,999,884	\$ -	\$ -	\$ (410,984,725)	\$ -	\$ (410,984,725)
Pupil Personnel Services	26,143,478	-	-	-	(26,143,478)	-	(26,143,478)
Instructional Media Services	5,101,414	-	-	-	(5,101,414)	-	(5,101,414)
Instruction and Curriculum Development Services	11,792,067	-	-	-	(11,792,067)	-	(11,792,067)
Instructional Staff Training Services	10,441,099	-	-	-	(10,441,099)	-	(10,441,099)
Instruction Related Technology	5,714,759	-	-	-	(5,714,759)	-	(5,714,759)
Board	834,172	-	-	-	(834,172)	-	(834,172)
General Administration	4,843,419	-	-	-	(4,843,419)	-	(4,843,419)
School Administration	40,668,984	-	-	-	(40,668,984)	-	(40,668,984)
Facilities Services	96,215,372	-	-	5,174,200	(91,041,172)	-	(91,041,172)
Fiscal Services	3,194,083	-	-	-	(3,194,083)	-	(3,194,083)
Food Services	31,402,396	6,675,763	28,624,862	-	3,898,229	-	3,898,229
Central Services	8,494,997	-	-	-	(8,494,997)	-	(8,494,997)
Pupil Transportation Services	47,333,631	432,515	-	-	(46,901,116)	-	(46,901,116)
Operation of Plant	63,768,425	-	-	-	(63,768,425)	-	(63,768,425)
Maintenance of Plant	14,289,672	-	-	-	(14,289,672)	-	(14,289,672)
Administrative Technology Services	5,424,087	-	-	-	(5,424,087)	-	(5,424,087)
Community Services	4,098,525	-	-	-	(4,098,525)	-	(4,098,525)
Unallocated Interest and Fiscal Charges on Long-term Debt	18,755,911	-	-	2,251,168	(16,504,743)	-	(16,504,743)
Total governmental activities	817,501,100	15,108,162	28,624,862	7,425,368	(766,342,708)		(766,342,708)
Total primary government	\$ 817,501,100	\$ 15,108,162	\$ 28,624,862	\$ 7,425,368	(766,342,708)		(766,342,708)
Component unit:							
Charter Schools/Foundation	\$ 63,249,647	\$ 1,139,687	\$ 6,283,480	\$ 2,480,126		(53,346,354)	(53,346,354)
General Revenues:							
Taxes:							
Property Taxes, Levied for Operational Purposes					348,605,113	-	348,605,113
Property Taxes, Levied for Capital Projects					82,284,982	-	82,284,982
Florida Education Finance Program					89,072,529	-	89,072,529
Other Federal Sources Not Restricted to Specific Programs					65,032,017	72,950	65,104,967
Other State Sources Not Restricted to Specific Programs					116,012,704	48,202,606	164,215,310
Other Miscellaneous Sources Not Restricted to Specific Programs					8,832,209	1,866,034	10,698,243
Unrestricted Investment Earnings					2,117,178	43,012	2,160,190
Total General Revenues					711,956,732	50,184,602	762,141,334
Change in Net Assets					(54,385,976)	(3,161,752)	(57,547,728)
Net Position - July 1, 2011					1,241,253,728	2,106,902	1,243,360,630
Net Position- June 30, 2012					\$ 1,186,867,752	\$ (1,054,850)	\$ 1,185,812,902

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, 2012**

	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	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS									
Cash	\$ 3,023,416	\$ 7,869	\$ 8,881,019	\$ 1,800,600	\$ 7,403,763	\$ 1,177,779	\$ -	\$ 3,673,816	\$ 25,968,262
Investments	147,720,579	-	19,645,466	-	122,313,139	43,402,336	3,973,504	12,403,572	349,458,596
Accounts Receivable	241,631	-	-	-	-	-	-	25,373	267,004
Taxes Receivable	997,580	-	-	-	235,500	-	-	-	1,233,080
Due from Other Funds	8,628,848	4,404	-	-	279,524	861,140	-	730,417	10,504,333
Due from Other Agencies	706,979	289,683	-	-	-	2,305,258	-	7,977,273	11,279,193
Inventory	2,142,143	-	-	-	-	-	-	344,491	2,486,634
Prepaid Items	45,580	-	-	-	-	-	-	-	45,580
Total Assets	\$ 163,506,756	\$ 301,956	\$ 28,526,485	1,800,600	\$ 130,231,926	\$ 47,746,513	\$ 3,973,504	\$ 25,154,942	\$ 401,242,682
LIABILITIES AND FUND BALANCES									
Salaries and Wages Payable	\$ 633,404	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 633,404
Payroll Deductions and Withholdings	2,532,832	-	-	-	-	-	-	-	2,532,832
Accounts Payable	3,414,203	48,662	-	2,250	1,919,707	742,433	248,369	855,181	7,230,805
Matured COPS Payable	-	-	20,335,000	-	-	-	-	-	20,335,000
Matured Interest Payable	-	-	7,535,296	-	-	-	-	-	7,535,296
Construction Contracts Payable	-	-	-	-	2,396,001	410,448	-	199,697	3,006,146
Construction Contracts Payable - Retainage	63,260	-	-	-	905,131	966,868	723,093	126,686	2,785,038
Deposits Payable	19,017	-	-	-	-	-	-	-	19,017
Due to Other Agencies	7,327	-	-	-	-	-	-	-	7,327
Due to Other Funds	13,325,812	253,294	-	-	923,003	1,487,306	1,502,911	5,315,271	22,807,597
Total Liabilities	19,995,855	301,956	27,870,296	2,250	6,143,842	3,607,055	2,474,373	6,496,835	66,892,462
Fund Balance									
Nonspendable									
Inventory & Prepaid Items	2,187,723	-	-	-	-	-	-	344,491	2,532,214
Restricted for:									
State Required Carryover Programs	14,139,594	-	-	-	-	-	-	-	14,139,594
Debt Service	-	-	656,189	1,798,350	-	-	-	363,704	2,818,243
Capital Projects	-	-	-	-	124,088,084	44,139,458	1,499,131	313,933	170,040,606
Special Revenue	-	-	-	-	-	-	-	17,635,979	17,635,979
Assigned to:									
General Fund	11,022,864	-	-	-	-	-	-	-	11,022,864
Unassigned	116,160,720	-	-	-	-	-	-	-	116,160,720
Total Fund Balances	143,510,901	-	656,189	1,798,350	124,088,084	44,139,458	1,499,131	18,658,107	334,350,220
Total Liabilities and Fund Balances	\$ 163,506,756	\$ 301,956	\$ 28,526,485	\$ 1,800,600	\$ 130,231,926	\$ 47,746,513	\$ 3,973,504	\$ 25,154,942	\$ 401,242,682

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 POSITION
June 30, 2012**

Total Fund Balance - Governmental Funds \$ 334,350,220

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

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

Original cost of capital assets	1,892,965,114	
Accumulated depreciation	(495,115,869)	
		1,397,849,245

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. 7,505,243

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. 1,301,467

Long-term liabilities are reported in the statement of net position 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	(17,669)	
Bonds payable	(13,424,854)	
Certificates of participation payable	(488,321,129)	
Notes payable	(6,908,520)	
Estimated insurance claims payable	(22,281,624)	
Liability for compensated absences	(58,462,830)	
Estimated early retirement payable	(1,264,000)	
Postemployment benefits payable	(19,330,439)	
Subtotal, long-term liabilities		(610,011,065)

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 position. The internal service funds net position are \$33,531,819. This includes \$59,199 in compensated absences and \$22,281,624 in estimated unpaid claims included above. The net amount is as follows:

55,872,642

Total net position - governmental activities \$ 1,186,867,752

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, 2012**

	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	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES									
Federal Direct Sources	\$ 1,280,889	\$ 280,431	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,541,387	\$ 11,102,707
Federal Through State Sources	2,196,690	5,499,994	-	-	-	-	-	74,287,368	81,984,052
State Sources	200,807,207	-	-	-	-	4,538,868	-	3,901,320	209,247,395
Local Sources									
Taxes	348,605,113	-	-	-	82,284,982	-	-	-	430,890,095
Food Service Sales	-	-	-	-	-	-	-	6,675,763	6,675,763
Impact Fees	-	-	-	-	-	3,833,326	-	-	3,833,326
Miscellaneous	17,766,908	-	733	-	497,760	308,641	50,870	102,415	18,727,327
Total Revenues	<u>570,656,807</u>	<u>5,780,425</u>	<u>733</u>	<u>-</u>	<u>82,782,742</u>	<u>8,680,835</u>	<u>50,870</u>	<u>94,508,253</u>	<u>762,460,665</u>
EXPENDITURES									
Current									
Instruction	381,162,027	1,429,798	-	-	-	-	-	35,690,040	418,281,865
Pupil Personnel Services	20,445,343	210,777	-	-	-	-	-	4,379,921	25,036,041
Instructional Media Services	4,329,416	-	-	-	-	-	-	744,126	5,073,542
Instruction and Curriculum Development Services	4,812,785	269,515	-	-	-	-	-	6,611,145	11,693,445
Instructional Staff Training Services	3,664,657	2,032,594	-	-	-	-	-	4,717,802	10,415,053
Instruction Related Technology	5,025,137	669,140	-	-	-	-	-	-	5,694,277
Board	828,576	-	-	-	-	-	-	4,059	832,635
General Administration	2,500,156	385,944	-	-	-	-	-	1,960,809	4,846,909
School Administration	40,455,993	504	-	-	-	-	-	134,008	40,590,505
Facilities Services	6,952,400	-	-	-	32,680,484	2,303,514	951,550	4,120,848	47,008,796
Fiscal Services	3,291,652	-	-	-	-	-	-	-	3,291,652
Food Service	-	-	-	-	-	-	-	31,095,080	31,095,080
Central Services	7,624,783	499,594	-	-	-	-	-	228,702	8,353,079
Pupil Transportation Services	46,843,482	117	-	-	-	-	-	270,986	47,114,585
Operation of Plant	63,387,420	1,377	-	-	-	-	-	135,054	63,523,851
Maintenance of Plant	14,260,930	-	-	-	-	-	-	-	14,260,930
Administrative Technology Services	5,219,739	98,539	-	-	-	-	-	-	5,318,278
Community Services	3,946,037	-	-	-	-	-	-	93,085	4,039,122
Capital Outlay									
Facilities Acquisition and Construction	97,833	-	-	-	12,437,392	20,469,686	24,159,864	405,891	57,570,666
Other Capital Outlay	621,350	182,526	-	-	3,376,641	1,152,089	282,580	2,779,695	8,394,881
Debt Service									
Principal	-	-	21,193,439	-	-	-	-	1,585,000	22,778,439
Interest and Fiscal Charges	-	-	19,547,263	126,051	53,993	23,734	-	716,578	20,467,619
Total Expenditures	<u>615,469,716</u>	<u>5,780,425</u>	<u>40,740,702</u>	<u>126,051</u>	<u>48,548,510</u>	<u>23,949,023</u>	<u>25,393,994</u>	<u>95,672,829</u>	<u>855,681,250</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(44,812,909)</u>	<u>-</u>	<u>(40,739,969)</u>	<u>(126,051)</u>	<u>34,234,232</u>	<u>(15,268,188)</u>	<u>(25,343,124)</u>	<u>(1,164,576)</u>	<u>(93,220,585)</u>
OTHER FINANCING SOURCES (USES)									
Issuance of Refunding Bonds	-	-	-	-	-	-	-	795,000	795,000
Premium on Refunding Bonds	-	-	-	-	-	-	-	122,041	122,041
Certificates of Participation Issued	-	-	165,255,000	-	-	-	-	-	165,255,000
Premium on Certificates of Participation Issued	-	-	14,774,075	-	-	-	-	-	14,774,075
Loss Recoveries	747,891	-	-	-	-	-	-	-	747,891
Transfer In	24,724,465	-	42,063,191	1,918,032	2,734,968	-	-	-	71,440,656
Payments to Refunded COPS Escrow Agent	-	-	(180,879,151)	-	-	-	-	-	(180,879,151)
Payments to Refunded Bond Escrow Agent	-	-	-	-	-	-	-	(914,678)	(914,678)
Transfer Out	(2,734,968)	-	-	-	(37,929,777)	(30,775,911)	-	-	(71,440,656)
Total Other Financing Sources (Uses)	<u>22,737,388</u>	<u>-</u>	<u>41,213,115</u>	<u>1,918,032</u>	<u>(35,194,809)</u>	<u>(30,775,911)</u>	<u>-</u>	<u>2,363</u>	<u>(99,822)</u>
Net Change in Fund Balance	<u>(22,075,521)</u>	<u>-</u>	<u>473,146</u>	<u>1,791,981</u>	<u>(960,577)</u>	<u>(46,044,099)</u>	<u>(25,343,124)</u>	<u>(1,162,213)</u>	<u>(93,320,407)</u>
Fund Balance, Beginning	165,586,422	-	183,043	6,369	125,048,661	90,183,557	26,842,255	19,820,320	427,670,627
Fund Balance, Ending	<u>\$ 143,510,901</u>	<u>\$ -</u>	<u>\$ 656,189</u>	<u>\$ 1,798,350</u>	<u>\$ 124,088,084</u>	<u>\$ 44,139,458</u>	<u>\$ 1,499,131</u>	<u>\$ 18,658,107</u>	<u>\$ 334,350,220</u>

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, 2012**

Net change in fund balances- governmental funds \$ (93,320,407)

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 position 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	69,582,070	
Depreciation expense	<u>(53,264,470)</u>	16,317,600

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. (5,075,884)

Debt proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, 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 position. 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	(180,946,116)	
Payment to escrow agent	181,793,829	
Deferred Issuance Costs	1,105,927	
Amortization-net	471,691	
Repayments	<u>22,778,439</u>	25,203,770

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. 342,541

The net change in the early retirement benefit program liability is reported in the government-wide statements, but not in the governmental fund statements. 16,000

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. 134,090

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. 474,155

The net change in the liability for postemployment health benefits is reported in the government-wide statements, but not in the governmental fund statements. (3,031,177)

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 \$4,585,786 is reported with governmental activities. This includes \$32,450 in compensated absences included above. The net amount is as follows: 4,553,336

Change in net position of governmental activities \$ (54,385,976)

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, 2012**

	General Fund			Variance with Final Budget - Under (Over)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Federal Direct Sources	\$ 915,000	\$ 915,000	\$ 1,280,889	\$ (365,889)
Federal Through State Sources	1,950,000	1,950,000	2,196,690	(246,690)
State Sources	203,954,455	201,152,739	200,807,207	345,532
Local Sources				
Taxes	350,677,373	350,677,373	348,605,113	2,072,260
Miscellaneous	12,202,017	14,390,023	17,766,908	(3,376,885)
Total Revenues	569,698,845	569,085,135	570,656,807	(1,571,672)
EXPENDITURES				
Current				
Instruction	426,494,063	418,439,859	381,162,027	37,277,832
Pupil Personnel Services	21,462,337	21,734,417	20,445,343	1,289,074
Instructional Media Services	4,778,512	4,837,432	4,329,416	508,016
Instruction and Curriculum Development Services	5,028,109	5,061,596	4,812,785	248,811
Instructional Staff Training Services	4,168,959	4,601,592	3,664,657	936,935
Instruction Related Technology	4,999,692	5,100,522	5,025,137	75,385
Board	914,496	931,202	828,576	102,626
General Administration	2,571,822	2,719,888	2,500,156	219,732
School Administration	42,850,618	43,496,378	40,455,993	3,040,385
Facilities Services	8,580,550	8,234,750	6,952,400	1,282,350
Fiscal Services	3,514,992	3,570,158	3,291,652	278,506
Central Services	8,801,161	8,981,681	7,624,783	1,356,898
Pupil Transportation Services	48,112,394	50,205,488	46,843,482	3,362,006
Operation of Plant	77,796,237	78,652,889	63,387,420	15,265,469
Maintenance of Plant	15,120,634	15,209,484	14,260,930	948,554
Administrative Technology Services	5,708,576	5,727,086	5,219,739	507,347
Community Services	9,130,683	5,657,409	3,946,037	1,711,372
Capital Outlay				
Facilities Acquisition and Construction	-	174,038	97,833	76,205
Other Capital Outlay	-	8,114,031	621,350	7,492,681
Total Expenditures	690,033,835	691,449,900	615,469,716	75,980,184
Excess (Deficiency) of Revenues Over Expenditures	(120,334,990)	(122,364,765)	(44,812,909)	(77,551,856)
OTHER FINANCING SOURCES (USES)				
Loss Recoveries	1,965	678,511	747,891	(69,380)
Transfer In	27,000,000	27,252,600	24,724,465	2,528,135
Transfer Out	-	(2,734,968)	(2,734,968)	-
Total Other Financing Sources (Uses)	27,001,965	25,196,143	22,737,388	2,458,755
Net Change in Fund Balance	(93,333,025)	(97,168,622)	(22,075,521)	(75,093,101)
Fund Balance, Beginning	167,629,179	165,586,422	165,586,422	-
Fund Balance, Ending	\$ 74,296,154	\$ 68,417,800	\$ 143,510,901	\$ (75,093,101)

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, 2012**

	Federal Economic Stimulus			Variance with Final Budget - Under (Over)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Federal Direct Sources:				
Miscellaneous Federal Direct	\$ 287,773	\$ 283,502	\$ 280,431	\$ 3,071
Total Federal Direct Sources	<u>287,773</u>	<u>283,502</u>	<u>280,431</u>	<u>3,071</u>
Federal Through State Sources:				
Other Federal Through State Grants	6,123,055	6,699,089	5,499,994	1,199,095
Total Federal Through State Sources	<u>6,123,055</u>	<u>6,699,089</u>	<u>5,499,994</u>	<u>1,199,095</u>
Total Revenues	<u>6,410,828</u>	<u>6,982,591</u>	<u>5,780,425</u>	<u>1,202,166</u>
EXPENDITURES				
Current				
Instruction	945,310	1,452,760	1,429,798	22,962
Pupil Personnel Services	39,438	211,417	210,777	640
Instruction and Curriculum Development Services	347,425	280,280	269,515	10,765
Instructional Staff Training Services	3,442,224	2,704,865	2,032,594	672,271
Instruction Related Technology	631,823	680,528	669,140	11,388
General Administration	261,974	420,854	385,944	34,910
School Administration	2,887	699	504	195
Facilities Services	15,339	-	-	-
Central Services	592,697	735,669	499,594	236,075
Pupil Transportation Services	3,533	117	117	-
Operation of Plant	3,491	1,377	1,377	-
Administrative Technology Services	124,687	134,052	98,539	35,513
Capital Outlay				
Facilities Acquisition and Construction	-	600	-	600
Other Capital Outlay	-	359,373	182,526	176,847
Total Expenditures	<u>6,410,828</u>	<u>6,982,591</u>	<u>5,780,425</u>	<u>1,202,166</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Beginning	-	-	-	-
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 POSITION
PROPRIETARY FUNDS
June 30, 2012

	Governmental Activities- Internal Service Funds
	Funds
ASSETS	
Current Assets	
Cash	\$ 12,126,202
Investments	41,099,273
Due from Governmental Funds	12,312,549
Total Current Assets	65,538,024
Noncurrent Assets	
Restricted Cash with Fiscal Agent	300,000
Furniture, Fixtures and Equipment	1,498
Less Accumulated Depreciation	(1,498)
Total Noncurrent Assets	300,000
Total Assets	65,838,024
LIABILITIES	
Current Liabilities	
Accounts Payable	9,059
Due to other Funds	9,285
Unearned Revenue	9,947,038
Estimated Insurance Claims Payable	13,212,830
Liability for Compensated Absences	59,199
Total Current Liabilities	23,237,411
Long-Term Liabilities	
Estimated Insurance Claims Payable	9,068,794
Total Liabilities	32,306,205
NET POSITION	
Restricted for Claims	300,000
Unrestricted	33,231,819
Total Net Position	\$ 33,531,819

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 POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2012**

	Governmental Activities- Internal Service Funds
	Funds
OPERATING REVENUES	
Premium Revenue	\$ 88,793,398
Other Operating Revenues	30,325
Total Operating Revenues	88,823,723
OPERATING EXPENSE	
Salaries	284,796
Employee Benefits	88,134
Purchased Services	12,234,460
Insurance Claims	71,738,075
Total Operating Expenses	84,345,465
Operating Income	4,478,258
NONOPERATING REVENUES	
Interest Income	107,528
Total Nonoperating Revenues	107,528
Changes in Net Position	4,585,786
Net Position - July 1, 2011	28,946,033
Net Position - June 30, 2012	\$ 33,531,819

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, 2012

		Governmental Activities- Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers, Users and Participants	\$	104,942,822
Cash Payments to Suppliers for Goods and Services		(12,216,128)
Cash Payments to Employees for Services		(405,380)
Cash Payments for Insurance Claims		(70,337,027)
		21,984,287
 CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments		107,528
		107,528
Net Cash Provided by Investing Activities		107,528
Net Increase in Cash and Cash Equivalents		22,091,815
Cash and Cash Equivalents, Beginning		31,433,660
Cash and Cash Equivalents, Ending	\$	53,525,475
 Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	\$	4,478,258
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Change in Assets and Liabilities:		
Decrease in Unearned Revenue		(310,639)
Decrease in Due from Other Agencies		32,533
Decrease in Compensated Absences Payable		(32,448)
Increase in Accounts Payable		9,046
Decrease in Due from Governmental Funds		16,397,204
Increase in Due to Governmental Funds		9,285
Increase in Estimated Insurance Claims Payable		1,401,048
Total Adjustments		17,506,029
Net Cash Provided by Operating Activities	\$	21,984,287

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, 2012

	Fiduciary Funds
	Agency Funds
ASSETS	
Cash	\$ 906,225
Investments	5,616,248
Accounts Receivable	290,424
Inventory	375,805
Total Assets	\$ 7,188,702
LIABILITIES	
Accounts Payable and Other Current Liabilities	\$ 7,188,702
Total Liabilities	\$ 7,188,702

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, 2012

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.

For financial reporting purposes, the accompanying financial statements include all of the operations over which the District is financially accountable. The District is financially accountable for organizations that make up its legal entity, as well as legally separate organizations that meet certain criteria. In accordance with GASB 14, "The Financial Reporting Entity," as amended by GASB 39, "Determining Whether Certain Organizations Are Component Units" and GASB 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34", the criteria for inclusion in the reporting entity involve those cases where the District or its officials appoint a voting majority of an organization's governing body, and is either able to impose its will on the organization and there is a potential for the organization to provide specific financial benefits to or to impose specific financial burdens on the District or the nature and significance of the relationship between the District and the organization is such that exclusion would cause the District's financial statements to be 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. Additionally, the Corporation is legally separate from the District and the governing board of the Leasing Corporation is the District School Board. Therefore, the financial activities of the Leasing Corporation have been blended (reported as if it were part of the District) with those of the District. Separate financial statements for the Leasing Corporation are not published.

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

Discretely Presented Component Unit – Foundation

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

Discretely Presented Component Units – Charter Schools

At fiscal year-end there were nineteen 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. Charter Schools do not have the constitutional authority to levy taxes, making charter schools fiscally dependent on the District. Pursuant to Florida Statutes section 1002.33(17) students enrolled in a charter school shall be funded the same as students enrolled in other public schools in the District. The charter schools' full-time equivalent (FTE) student enrollment is the basis for the District to provide funding to the charter schools. The financing of charter schools imposes a financial burden on the District. Because charter schools are fiscally dependent and create a financial burden on the District, charter schools are considered component units of 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, 2012, 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, 2012, 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, 2012, the school was a grade K-8 school. The school is located in Cape Coral, Florida.

Cape Preparatory and Fitness Academy, Inc – The school's Charter was granted May 3, 2011, for a K-8 school. As of June 30, 2012, the school was a grade K-8 school. The school is located in Cape Coral, Florida.

City of Palm Charter High School. – The school's Charter was granted October 25, 2005, for a grade 9-12 school. As of June 30, 2012, 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, 2012

Coronado High School – The school’s Charter was granted October 23, 2007, for a grade 9-12 school. As of June 30, 2012, 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, 2012, 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, 2012, 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, 2012, 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, 2012, 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, 2012, the school was a grade 9-12 school. The school is located in Fort Myers, Florida.

The Island School, Inc. - The school’s Charter was granted May 2, 2000, for a grade K-8 school. As of June 30, 2012, 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, 2012, 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, 2012, the school was a grade 9-12 school. The school is located in Lehigh Acres, Florida.

North Nicholas High School - The school’s Charter was granted October 23, 2007, for a grade 9-12 school. As of June 30, 2012, the school was a grade 9-12 school. The school is located in Cape Coral, Florida.

Pivot Charter High School, Inc. – The school’s Charter was granted October 20, 2009, for a grade 9-12 school. As of June 30, 2012, the school was a grade 9-12 school. The school is located in Fort Myers, 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, 2012, the school was a grade 9-12 school. The school is located in Fort Myers, Florida.

Richard Milburn Academy of Florida South, Inc. – The school’s Charter was granted May 3, 2011, for a grade 9-12 school. As of June 30, 2012, the school was a grade 9-12 school. The school is located in Bonita Springs, Florida.

Six Mile Charter Academy – The school’s Charter was granted August 10, 2004, for a grade K-8 school. As of June 30, 2012, the school was a grade K-8 school. The school is located in Fort Myers, Florida.

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

The charter school listed below did not submit an audit of their operations in time for the issuance of this report, thus no financial information has been reported for this entity. However, based on unaudited financial information provided, the financial statements for this charter school are not material to the aggregate component unit financial statements.

Lehigh Charter School of Excellence, Inc. – The school’s Charter was granted October 20, 2009, for a grade K-8 school. As of June 30, 2012, the school was a grade K-8 school. The school is located in Lehigh Acres, Florida.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position 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 position of internal services funds in direct proportion as they were charged as expenses to the various functions/programs.

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

The District reports the following major governmental funds:

- *General Fund* is the District’s primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

- *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 student athletic, class, and club activities.

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

Measurement Focus, Basis of Accounting, and Financial Presentation

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

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

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.

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.

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 SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

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, 2012, budgets for all governmental fund types were amended to reflect adjustments to appropriations due to changes in student counts, the addition of new education programs, and other events.

Cash

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

Restricted Cash with Fiscal Agent

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

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

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, 2012, 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 0.83481105 at June 30, 2012. 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.

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 SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

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 Position. 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.

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.

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.

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

Fund Balance/Net Position

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 Position in the government-wide financial statements are classified as net investment in capital assets, restricted and unrestricted. Restricted net position 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.

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

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

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 2011 tax levy on September 11, 2011. 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.

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 capital assets or additions to capital 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

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred.

Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

In November 2010, the GASB issued Statement 60, *Accounting and Financial Reporting for Service Concession Arrangements*. GASB 60 provides financial reporting guidance for service concession arrangements (SCAs). SCAs are defined as an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. This statement is effective for periods beginning after December 15, 2011 although the District elected to early implement statement 60 in fiscal year 2012. The District does not have any SCAs and therefore the adoption of GASB 60 does not have any impact on the District's financial statements.

In November 2010, the GASB issued Statement 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. GASB 61 provides additional criteria for classifying entities as component units to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. This statement is effective for periods beginning after June 15, 2012 although the District elected to early implement statement 61 in fiscal year 2012.

In December 2010, the GASB issued Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. This statement is effective for periods beginning after December 15, 2011 although the District elected to early implement Statement 62 in fiscal year 2012. The adoption of GASB 62 does not have any impact on the District's financial statements.

In June 2011, the GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes four components assets, deferred outflows of resources, liabilities and deferred inflows of resources. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011 although the District elected to early implement statement 63 in fiscal year 2012.

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

In June 2011, the GASB issued Statement 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions -- an amendment of GASB Statement No. 53*. GASB 64 provides clarification on whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This statement was effective for periods beginning after June 15, 2011.

In March 2012, the GASB issued Statement 66, *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62*. GASB 66 improves accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement is effective for periods beginning after December 15, 2012 although the District elected to early implement statement 62 in fiscal year 2012. The adoption of GASB 66 does not have any impact on the District's financial statements.

Recently Issued Accounting Pronouncements

In March 2012, the GASB issued Statement 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement is effective for periods beginning after December 15, 2012. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In June 2012, the GASB issued Statement 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement 25*. GASB 67 improves financial reporting by state and local governmental pension plans. The requirements of this Statement will improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by the pension plans that are within its scope. This Statement is effective for financial statements for fiscal years beginning after June 15, 2013. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In June 2012, the GASB issued Statement 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement 27*. GASB 68 improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement is effective for fiscal years beginning after June 15, 2014. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

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, 2012, the carrying amount of the District’s bank deposits was \$38,094,464 and the respective bank balances totaled \$46,012,574. As of June 30, 2012, the carrying amount of the Agency Fund’s bank deposits was \$906,225.

2-B. Investments

As of June 30, 2012, the District had the following investments and maturities:

Investment	Fair Value	Investment Maturities (in years)			
		6 Months	1 - 5	6 - 10	10 - 15
Florida State Board of Administration					
Florida PRIME (1)	\$ 364,238,924	\$ 364,238,924	\$ -	\$ -	\$ -
Fund B Surplus Funds Trust Fund (1)	6,675,766	-	-	6,675,766	-
First America Government Obligation Class Y Money Market Fund	10,255,304	10,255,304	-	-	-
US Bank Money Market 5 Fund	9,387,875	9,387,875	-	-	-
Total Investment, Primary Government	390,557,869	383,882,103	-	6,675,766	-
Agency Fund					
Florida PRIME	5,616,248	5,616,248	-	-	-
Total Investments, Reporting Entity	\$ 396,174,117	\$ 389,498,351	\$ -	\$ 6,675,766	\$ -

Note (1) At June 30, 2012, investments totaling \$30,692,194 are held under trust agreements in connection with Certificates of Participation, Series 2002A/B, 2004A/C, 2005A, 2006A, 2008A/B, 2009A, 2010A, 2011A and 2012B/C 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.

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

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 5.73 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, 2012.

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 \$369,855,172 Florida PRIME are rated AAAM by Standard and Poor's and are reported at fair value. Investments totaling \$6,675,766 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, 2012, the District had investments in US Bank First American Government Obligation Class Y Money Market Funds with a fair value of \$10,255,304, which were rated AAAM by Standard and Poor's and US Bank Money Market 5 Fund with a fair value of \$9,387,875, which were rated A+ by Standard and Poor's.
- g. Certificates of Deposit, collateralized at 102 percent of market value, by U.S. Treasuries, U.S. Government Agencies, U. S. Government Sponsored Agencies/Federal Instrumentalities.
- h. Passbook savings accounts and interest bearing time deposits with banks organized under the laws of the State of Florida or in banks doing business in the State of Florida.

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

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.

Funds held by US Bank First American Government 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, 2012, the District had a total of \$11,279,193 of Due From Other Agencies. \$8,708,883 is due from Federal, State and Local governments for various grant programs. Due from the County for impact fees was \$1,555,842. Finally, \$1,014,468 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.

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

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 6/30/2012	Balance Committed 6/30/2012
Lehigh Elem #7027			
Others	\$ 2,388	\$ 2,388	\$ -
Tortuga Preserve Elem #7042			
Contractor	14,199,631	13,784,996	414,635
Others	5,618,323	4,388,104	1,230,219
Elementary C #7161			
Others	6,600	6,600	-
New HVAC CCHS #7232			
Contractor	8,695,738	7,960,382	735,356
Others	2,850,291	2,340,985	509,306
New Tice Elem #7381			
Contractor	910,298	153,581	756,717
Others	7,339,702	-	7,339,702
Harnes Marsh Middle #7581			
Contractor	20,245,241	20,014,239	231,002
Others	8,797,547	8,034,269	763,278
Cafe EHS #2065	1,728,210	168,590	1,559,620
Total	<u>\$ 70,393,969</u>	<u>\$ 56,854,134</u>	<u>\$ 13,539,835</u>

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, 2012, the District has recorded \$28,795,380 in encumbrances as follows: \$1,387,872 for the General Fund; \$23,451,545 for the Capital Projects Fund – Local Capital Improvement Tax; \$1,579,014 for the Capital Projects Fund – Certificates of Participation/Impact Fees/State Grants; \$1,056,510 for the Capital Projects Fund – ARRA Economic Stimulus Fund and \$1,320,439 for the Nonmajor Governmental Funds.

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 5: CAPITAL ASSETS

Capital asset balances and activities for the fiscal year ended June 30, 2012, were as follows:

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
Governmental Activities				
<i>Capital Assets not being depreciated</i>				
Land	\$ 169,082,400	\$ -	\$ -	\$ 169,082,400
Construction in Progress	3,672,859	57,253,498	(4,072,223)	56,854,134
Total Capital Assets not being depreciated	181,224,101	57,253,498	(4,072,223)	225,936,534
<i>Capital Assets being depreciated</i>				
Improvements Other than Buildings	44,527,540	108,807	(229,449)	44,406,898
Buildings	1,435,533,888	4,999,079	(4,084,706)	1,436,448,261
Furniture, Fixtures, and Equipment	74,873,597	7,659,087	(5,036,416)	77,496,268
Motor Vehicles	71,525,959	64,318	(1,254,782)	70,335,495
Audio/Visual Materials	97,566	16,114	(29,514)	84,166
Software	38,604,468	3,553,389	(3,900,365)	38,257,492
Total Capital Assets being depreciated	1,665,163,018	16,400,794	(14,535,232)	1,667,028,580
<i>Less accumulated depreciation for</i>				
Improvements Other than Buildings	10,591,924	1,732,162	(72,956)	12,251,130
Buildings	329,433,037	34,016,775	(714,625)	362,735,187
Furniture, Fixtures, and Equipment	48,369,782	7,837,745	(4,524,285)	51,683,242
Motor Vehicles	46,907,976	5,627,720	(1,254,782)	51,280,914
Audio/Visual Materials	60,734	10,848	(24,051)	47,531
Software	15,947,294	4,039,220	(2,868,649)	17,117,865
Total accumulated depreciation	451,310,747	53,264,470	(9,459,348)	495,115,869
<i>Capital Assets being depreciated, Net</i>	1,213,852,271	(36,863,676)	(5,075,884)	1,171,912,711
Governmental Activities Capital Assets, Net	\$ 1,386,607,530	\$ 20,389,822	\$ (9,148,107)	\$ 1,397,849,245

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

Depreciation expense was charged to governmental functions as follows:

Governmental Function	Amount
Instruction	\$ 1,817,640
Pupil Personnel Services	1,203,282
Instructional Media Services	45,259
Instruction & Curriculum Development Services	146,318
Instructional Staff Training Services	17,304
Instruction Related Technology	319
General Administration	6,567
School Administration	47,838
Facilities Services	48,326,706
Fiscal Services	2,687
Food Services	371,730
Central Services	228,735
Pupil Transportation Services	441,805
Operation of Plant	284,014
Maintenance of Plant	188,376
Administrative Technology Services	76,482
Community Services	59,408
Total Depreciation Expense – Governmental Functions	<u>\$ 53,264,470</u>

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THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

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	\$ 8,628,848	\$ 13,325,812
Special Revenue:		
Federal Economic Stimulus	4,404	253,294
Capital Projects:		
Local Capital Improvement Tax	279,524	923,003
Certificates of Participation/Impact		
Fees/State Grants	861,140	1,487,306
ARRA Economic Stimulus	-	1,502,911
Non-major Governmental Funds	730,417	5,315,271
Proprietary Funds	12,312,549	9,285
Total	<u>\$ 22,816,882</u>	<u>\$ 22,816,882</u>

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	\$ 24,724,465	\$ 2,734,968
Debt Service:		
Certificates of Participation	42,063,191	-
ARRA Economic stimulus	1,918,032	-
Capital Projects:		
Local Capital Improvements Tax	2,734,968	37,929,777
Certificates of Participation/Impact		
Fees/State Grants	-	30,775,911
Total	<u>\$ 71,440,656</u>	<u>\$ 71,440,656</u>

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

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

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 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); 2011A-QSCB (original issue: \$27,009,000); Series 2012B (original issue: \$149,015,000) issued May 2012; and Series 2012C (original issue: \$16,240,000) issued May 2012; be repaid from the proceeds of rents paid by the District. The proceeds of the Series 2012B was used to payoff the Series 2002A and partially payoff the Series 2004A issue. The proceeds of the Series 2012C was used to partially payoff the Series 2004A 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.

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

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

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

Series 2010A

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

Series 2011A-QSCB

One Elementary School
One Middle School

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

Series 2012B

Five Elementary Schools
Three Middle Schools
Two High Schools
One Specialty School
Two Transportation Facilities
Two Building Conversions
New Administration Building
Vocational School Addition

Series 2012C

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

The lease payments are payable by the District semi-annually on December 30 and June 30, at interest rates ranging from 1.910 to 5.48 percent. 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>
2013	\$ 39,107,885	\$ 21,080,000	\$ 18,027,885
2014	39,506,246	22,281,000	17,225,246
2015	39,504,972	23,077,000	16,427,972
2016	39,502,062	24,004,000	15,498,062
2017	39,504,657	24,880,000	14,624,657
2018-2022	198,605,780	141,600,000	57,005,780
2023-2027	219,922,252	192,579,000	27,343,252
2028	33,089,625	31,515,000	1,574,625
Total Minimum Lease Payments	648,743,479	481,016,000	167,727,479
Add: Unamortized Premium/Discount, net	7,305,129	7,305,129	-
Total Certificates of Participation Payable	\$ 656,048,608	\$ 488,321,129	\$ 167,727,479

All Certificates of Participation issued are subject to arbitrage rebate. At June 30, 2012, there was no arbitrage rebate liability.

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

7-B. Notes Payable

Notes payable are comprised of the following:

	Balance at 6/30/12
<u>Bank of America Bank Loan</u>	
\$3,451,257 borrowed 8-21-06, under provisions of Section 1011.14, Florida Statutes. Interest rate of 6.28%. Proceeds used to complete energy efficiency measures at various school sites. The Board repaid \$352,647 during the 2011-12 fiscal year.	\$ 2,013,661
<u>Bank of America Bank Loan</u>	
\$6,306,547 borrowed 9-22-08, under provisions of Section 1011.14, Florida Statutes. Interest rate of 4.46%. Proceeds used to complete energy efficiency measures at various school sites. The Board repaid \$505,792 during the 2011-12 fiscal year.	<u>4,894,859</u>
Total Notes Payable	<u><u>\$ 6,908,520</u></u>

Amounts needed for the planned extended repayment of Section 1011.14, Florida Statutes, bank loans as of June 30, 2012 are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
Notes Payable			
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	1,250,073	1,143,543	106,530
2018-2020	1,882,091	1,788,546	93,545
Total Notes Payable	<u><u>\$ 7,985,332</u></u>	<u><u>\$ 6,908,520</u></u>	<u><u>\$ 1,076,812</u></u>

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2012

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 \$19,945,000. 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, 2012, are as follows:

Bond Type	Amount Outstanding	Interest Rate (Percent)	Annual Maturity To
State School Bonds			
Series 2003A	\$ 60,000	3.00-3.125	2023
Series 2004A	1,290,000	3.75-4.625	2024
Series 2005B	9,595,000	5.00	2020
Series 2009A	835,000	4.00-5.00	2019
Series 2010A	310,000	4.00-5.00	2022
Series 2011A	795,000	3.00-5.00	2023
Sub-Total	12,885,000		
Add: Unamortized Premium/Discount, Net	539,854		
Total Bonds Payable	\$ 13,424,854		

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THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2012

The annual requirements to amortize all bonded debt outstanding as of June 30, 2012, including interest payments, are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
State School Bonds			
2013	\$ 2,312,143	\$ 1,650,000	\$ 662,143
2014	2,278,497	1,730,000	548,497
2015	2,287,798	1,825,000	462,798
2016	2,287,398	1,915,000	372,398
2017	2,292,548	2,015,000	277,548
2018-2022	3,712,713	3,340,000	372,713
2023-2024	434,162	410,000	24,162
Subtotal Bonds Payable	15,605,259	12,885,000	2,720,259
Add: Unamortized Premium/Discount, net	539,854	539,854	-
Total Bonds Payable	<u>\$ 16,145,113</u>	<u>\$ 13,424,854</u>	<u>\$ 2,720,259</u>

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THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

Changes in NonCurrent Liabilities

Noncurrent liability balances and activity for the year ended June 30, 2012, were as follows:

	Balance 06/30/11	Additions	Deductions	Balance 06/30/12*	Amounts Due within One Year
Governmental Activities					
<i>Long-Term Debt</i>					
Bonds Payable	\$ 14,560,000	\$ 795,000	\$ 2,470,000	\$ 12,885,000	\$ 1,650,000
Bond Premium	513,929	92,363	57,036	549,256	-
Bond Discount	(10,250)	-	(848)	(9,402)	-
Certificates of Participation Payable	505,866,000	165,255,000	190,105,000	481,016,000	21,080,000
Certificates of Participation Premium	7,319,562	4,317,252	843,853	10,792,961	-
Certificates of Participation Discount	(3,226,252)	(652,328)	(390,748)	(3,487,832)	-
Derivative Instruments-Hedging	480,450	-	480,450	-	-
Notes Payable	7,766,959	-	858,439	6,908,520	910,078
Total Long-Term Debt	533,270,398	169,807,287	194,423,182	508,654,503	23,640,078
<i>Other Noncurrent Liabilities</i>					
Estimated Early Retirement Payable	1,280,000	-	16,000	1,264,000	30,000
Estimated Insurance Claims Payable	20,880,576	71,738,075	70,337,027	22,281,624	13,212,830
Postemployment Benefits Payable	16,299,262	4,812,395	1,781,218	19,330,439	-
Liability for Compensated Absences	58,936,985	22,210,543	22,684,698	58,462,830	4,422,570
Total Other Liabilities	97,396,823	98,761,013	94,818,943	101,338,893	17,665,400
Total Noncurrent Liabilities	\$ 63,667,221	\$ 268,568,300	\$ 289,242,125	\$ 609,993,396	\$ 41,305,478

**Payments on the bonds and notes payable are made by the Debt Service Funds SBE/COBI Bonds and Certificates of Participation. The Derivative Instruments were refunded during the fiscal year. 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 \$59,199 liability for compensated absences in the Internal Service Fund is included in the above amounts.

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 8: DEFEASED DEBT

On January 05, 2012, the Board issued \$795,000 in State Board of Education Bonds, Series 2011-A, with an average interest rate of 4.31 percent, to refund the District's State Board of Education Bonds, Series 2003-A. The Refunding Bonds are being issued to refund the \$945,000 principal amount of the District's State Board of Education Bonds, Series 2003-A that mature on or after January 1, 2014. The net proceeds of \$914,678 (after payment of \$2,363 in underwriting fees, insurance, and other issuance costs) were placed in an irrevocable trust to call on January 1, 2014, all outstanding bonds and to pay all accrued interest on the State Board of Education Bonds, Series 2003-A. As a result, \$885,000 of the 2003-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 2003-A State Board of Education Bonds were refunded to reduce its total debt service payments over the next ten years by approximately \$54,392 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$26,718.

On May 03, 2012, the Board issued \$149,015,000 in Certificates of Participation, Series 2012-B, with an average interest rate of 4.21 percent, to refund the District's Certificates of Participation, Series 2002A and a portion of the District's Certification of Participation, Series 2004A. The Refunding Certificates are being issued to refund the \$153,995,000 principal amount of the District's Certificates of Participation, Series 2002A and 2004A, that mature on or after August 1, 2014. The net proceeds of \$163,664,600, (after payment of \$1,110,889 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 and 2004A. As a result, \$153,995,000 of the 2002A and 2004A 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 and 2004A Certificates of Participation were refunded to reduce its total debt service payments over the next sixteen years by approximately \$12,348,470 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$9,963,945.

On May 16, 2012, the Board issued \$16,240,000 in Certificates of Participation, Series 2012-C, with an average interest rate of 3.09 percent, to refund the a portion of the District's Certification of Participation, Series 2004A. The Refunding Certificates are being issued to refund the \$15,775,000 principal amount of the District's Certificates of Participation, Series 2004A, that mature on or after August 1, 2014. The net proceeds of \$17,214,551, (after payment of \$619,580 in underwriting fees, insurance, and other issuance costs) were placed in an irrevocable trust to call on August 01, 2014, all outstanding future debt payments on the Certificates of Participation, Series 2004A. As a result, \$15,775,000 of the 2004A 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 2004A Certificates of Participation were refunded to reduce its total debt service payments over the next ten years by approximately \$1,661,668 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$1,623,216.

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

In prior years, the District defeased Certificates of Participation, Series 1991A, Series 1993A, 1999A and a portion of the Certificates of Participation, Series 1995A, 1996A and 2002A 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, 2012, the amount of defeased debt outstanding is \$108,530,000.

NOTE 9: FUND BALANCE REPORTING

The District has adopted GASB Statement No.54 as part of its 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. 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 and prepaid items that are considered nonspendable. The District does not have any nonspendable funds related to endowments.

In addition to the nonspendable fund balance, GASB Statement No.54 has provided a hierarchy of 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 and prepaid items totaling \$2,532,214 that are classified as nonspendable.

The District has classified the fund balances as *Restricted*, *Assigned*, and *Unassigned* and considered each to have been spent when expenditures are incurred. The District does not have a policy regarding the commitment or assignment of fund balances, however, the Board has given the ability to assign fund balance to the Executive Director of Business Services. As such, the District does not report any committed fund balance. When restricted, assigned, and unassigned funds are available for use, the District's procedures are to use the restricted funds first, followed by the assigned funds and then the unassigned funds.

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

• **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 required carryover 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 \$204,634,422 and represented \$14,139,594 in State required carryover programs, \$17,635,979 in food service, \$2,818,243 in debt service and \$170,040,606 in capital projects.

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

The assigned fund balances total \$11,022,864. The Executive Director of Business Services has assigned in the General Fund the State and Local Programs of \$6,994,733 and School Rollover Budgets of \$2,830,663. In accordance with GASB Statement No.54, the District reports outstanding encumbrances, of \$1,197,468, that have not been previously reported as restricted or assigned.

• **Unassigned:**

The unassigned fund balance in the General Fund is \$116,160,720.

NOTE 10: SCHEDULE OF STATE REVENUE SOURCES

The following is a schedule of the District’s State revenue for the 2011-12 fiscal year:

Source	Amount
Florida Education Finance Program	\$ 89,072,529
Categorical Educational Programs:	
Class Size Reduction	94,203,723
Workforce Development Program	10,159,251
Discretionary Lottery Funds	275,950
Charter School Capital Outlay Funding	4,167,303
Motor Vehicle License Tax (Capital Outlay and Debt Service)	3,283,838
Mobile Home License Tax	472,464
Food Service Supplement	582,536
Racing Commission Funds	223,250
Miscellaneous	6,806,551
	<hr/>
Total	\$ 209,247,395

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

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2012

NOTE 11: PROPERTY TAXES

The following is a summary of millages and taxes levied on the 2011 tax roll in fiscal year 2011-2012:

	Mills	Amount
General Fund:		
Nonvoted School Tax		
Required Local Effort	5.606	\$ 322,286,707
Basic Discretionary Local Effort	0.748	43,002,222
Capital Projects Funds:		
Nonvoted School Tax		
Local Improvements	1.500	86,234,403
Total	7.854	\$ 451,523,332

NOTE 12: 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.

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

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 1,716 District participants during the 2011-12 fiscal year. Contributions made to the PEORP totaled \$5,329,278, which equaled the required contributions.

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

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

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 2011-2012, contribution rates for the FRS Pension Plan and the FRS Investment Plan were as follows:

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

Class	Employer Contribution (Percent of Gross Salary)
Florida Retirement System, Regular	4.91
Florida Retirement System, Elected County Officers	11.14
Florida Retirement System, Senior Management Service	6.27
Deferred Retirement Option Program (Applicable to members from all of the above classes)	4.42
Florida Retirement System, Re-Employed Retiree, Regular	4.91

Note: Employer rates include the post-employment health insurance supplement of 1.11 percent. The District's fiscal year 2011-2012 payrolls subject to FRS employer contributions for all employees totaled \$385,762,744. Required contributions made to the Florida Retirement System for fiscal years June 30, 2010; June 30, 2011; and June 30, 2012, totaled \$37,492,245; \$41,623,140 and \$29,314,888 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.

NOTE 13: 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.

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

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

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

Contributions

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

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

The District reported a liability in its Statement of Net Position of \$1,264,000 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 14: 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.

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

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 2011-12 fiscal year, 509 retirees received health care benefits. The District provided contributions of \$1,781,218 toward the annual OPEB cost, comprised of benefit payments made on behalf of retirees net of retiree contributions totaling \$3,406,839, which represents .96 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:

Employer Fiscal Year Ending June 30	2012
Normal Cost (service cost for one year)	\$ 2,763,976
Amortization of Unfunded Actuarial Accrued Liability	2,346,844
Annual required Contribution	5,110,820
Interest on Net OPEB Obligation	570,474
Adjustment to ARC	(868,899)
Annual OPEB Cost (Expense)	4,812,395
Contribution toward the OPEB cost	(1,781,218)
Increase in Net OPEB Obligation	3,031,177
Net OPEB Obligation, Beginning of year	16,299,262
Net OPEB Obligation, End of year	\$ 19,330,439

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

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, 2012, and the two preceding years, were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	OPEB Obligation
June 30, 2012	\$ 4,812,395	37.0%	\$19,330,439
June 30, 2011	\$ 5,785,828	39.1%	\$16,299,262
June 30, 2010	\$ 5,512,972	30.6%	\$12,774,763

Funded Status and Funding Progress

The funded status of the plan as of January 01, 2012, the most recent actuarial valuation date, was as follows:

Actuarial Accrued Liability (a)	\$ 43,272,582
Actuarial Value of Plan Assets (b)	-
Unfunded Actuarial Accrued Liability (c)=(a-b)	<u>\$ 43,272,582</u>
Funded Ratio (b/a)	0.0%
Covered Payroll (Active Plan Members) (d)	\$ 354,935,521
UALL as a Percentage of Covered Payroll (c/d)	12.2%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and the healthcare costs trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

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

Compared to the previous valuation, the Unfunded Actuarial Accrued Liability and the Annual OPEB Cost decreased significantly. One factor that contributed to this change was the total cost of coverage for retirees decreased from \$478 per subscriber per month (as expected for the calendar year 2009) to \$524 per subscriber

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

per month for the year beginning January 1, 2012. This is lower than the \$560 per subscriber per month previously projected for this year. This change had a decreasing effect on the cost and liability. That effect was amplified by faster increases in contribution requirements. These two changes had a significant decreasing effect on the results of this valuation. Another factor that contributed to this change was the number of retirees currently covered under the health plan decreased from 570 in the last valuation to 509 in the current valuation. At the same time, the number of active employees increased from 9,193 to 9,397. These population changes combined with modest increases in premium amounts collected from retirees had a modest impact on the cost and liability resulting from this valuation.

In the January 1, 2012 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 3.5 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 2011-12 fiscal year, reduced by .5 percent per year, to a set rate of 5.0 percent in 2020 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, 2012, is 18 years.

NOTE 15: 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 \$7,505,243 at December 31, 2011 which is recorded as an asset on the statement of net position. 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 16: 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 SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2012

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 \$12,268,296 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, 2012. A liability in the amount of \$10,013,328 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, 2012.

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
2010-11	\$ 11,278,661	\$ 6,208,680	\$ (5,602,180)	\$ 11,885,161
2011-12	\$ 11,885,161	\$ 6,699,649	\$ (6,316,514)	\$ 12,268,296

Health Insurance Self Insurance Fund:

	Beginning of Fiscal Year Liability	Current-Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2010-11	\$ 10,416,549	\$ 57,997,032	\$ (59,418,166)	\$ 8,995,415
2011-12	\$ 8,995,415	\$ 65,038,426	\$ (64,020,513)	\$ 10,013,328

NOTE 17: 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.

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 18: SUBSEQUENT EVENTS

On September 27, 2012, the District borrowed \$1,447,460 with Banc of America Public Capital Corp. with an interest rate of 1.64% and final maturity on September 27, 2022. The purpose of this loan was to complete energy efficiency measures at various school sites.

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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%
January 1, 2012	-	43,272,582	43,272,582	0.0%	354,935,521	12.2%

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

Fiscal Year Ending	Annual Required Contribution	Percentage Contributed
June 30, 2010	5,578,379	30.2%
June 30, 2011	5,879,223	38.5%
June 30, 2012	5,110,820	34.9%

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, 2012

	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
ASSETS						
Cash	\$ 3,673,816	\$ -	\$ 3,239,459	\$ -	\$ 142,288	\$ 292,069
Investments	12,403,572	-	12,039,868	363,704	-	-
Accounts Receivable	25,373	-	21,829	-	3,544	-
Due from other Funds	730,417	703,626	-	-	-	26,791
Due from other Agencies	7,977,273	5,034,170	2,943,103	-	-	-
Inventory	344,491	-	344,491	-	-	-
Total Assets	<u>\$ 25,154,942</u>	<u>\$ 5,737,796</u>	<u>\$ 18,588,750</u>	<u>\$ 363,704</u>	<u>\$ 145,832</u>	<u>\$ 318,860</u>
LIABILITIES AND FUND BALANCES						
Accounts Payable	\$ 855,181	\$ 661,890	\$ 190,688	\$ -	\$ -	\$ 2,603
Construction Contracts Payable	199,697	-	199,697	-	-	-
Construction Contracts Payable- Retainage	126,686	-	22,189	-	104,497	-
Deposits Payable	-	-	-	-	-	-
Due to other Agencies	-	-	-	-	-	-
Due to other Funds	5,315,271	5,075,906	195,706	-	39,191	4,468
Total Liabilities	<u>6,496,835</u>	<u>5,737,796</u>	<u>608,280</u>	<u>-</u>	<u>143,688</u>	<u>7,071</u>
Fund Balance						
Nonspendable						
Inventory	344,491	-	344,491	-	-	-
Restricted for:						
Debt Service	363,704	-	-	363,704	-	-
Capital Projects	313,933	-	-	-	2,144	311,789
Special Revenue	17,635,979	-	17,635,979	-	-	-
Total Fund Balances	<u>18,658,107</u>	<u>-</u>	<u>17,980,470</u>	<u>363,704</u>	<u>2,144</u>	<u>311,789</u>
Total Liabilities and Fund Balances	<u>\$ 25,154,942</u>	<u>\$ 5,737,796</u>	<u>\$ 18,588,750</u>	<u>\$ 363,704</u>	<u>\$ 145,832</u>	<u>\$ 318,860</u>

THE SCHOOL DISTRICT OF LEE COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2012

	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
Revenues						
Federal Direct Sources	\$ 9,541,387	\$ 9,541,387	\$ -	\$ -	\$ -	\$ -
Federal Through State Sources	74,287,368	46,300,695	27,986,673	-	-	-
State Sources	3,901,320	-	582,536	2,251,168	-	1,067,616
Local Sources						
Food Service Sales	6,675,763	-	6,675,763	-	-	-
Miscellaneous	102,415	44,874	56,436	-	-	1,105
Total Revenues	94,508,253	55,886,956	35,301,408	2,251,168	-	1,068,721
EXPENDITURES						
Current						
Instruction	35,690,040	35,690,040	-	-	-	-
Pupil Personnel Services	4,379,921	4,379,921	-	-	-	-
Instructional Media Services	744,126	744,126	-	-	-	-
Instruction and Curriculum						
Development Services	6,611,145	6,611,145	-	-	-	-
Instructional Staff Training Services	4,717,802	4,717,802	-	-	-	-
Board	4,059	4,059	-	-	-	-
General Administration	1,960,809	1,960,809	-	-	-	-
School Administration	134,008	134,008	-	-	-	-
Facilities Services	4,120,848	96,580	-	-	164,458	3,859,810
Food Service	31,095,080	-	31,095,080	-	-	-
Central Services	228,702	228,702	-	-	-	-
Pupil Transportation Services	270,986	270,986	-	-	-	-
Operation of Plant	135,054	135,054	-	-	-	-
Community Services	93,085	93,085	-	-	-	-
Capital Outlay						
Facilities Acquisition and Construction	405,891	-	405,891	-	-	-
Other Capital Outlay	2,779,695	820,639	991,003	-	-	968,053
Debt Service						
Principal	1,585,000	-	-	1,585,000	-	-
Interest and Fiscal Charges	716,578	-	-	706,300	-	10,278
Total Expenditures	95,672,829	55,886,956	32,491,974	2,291,300	164,458	4,838,141
Excess (Deficiency) of Revenues Over Expenditures	(1,164,576)	-	2,809,434	(40,132)	(164,458)	(3,769,420)
OTHER FINANCING SOURCES (USES)						
Issuance of Refunding Bonds	795,000	-	-	795,000	-	-
Premium on Refunding Bonds	122,041	-	-	122,041	-	-
Payments to Refunded Bond Escrow Agent	(914,678)	-	-	(914,678)	-	-
Total Other Financing Sources (Uses)	2,363	-	-	2,363	-	-
Net Change in Fund Balance	(1,162,213)	-	2,809,434	(37,769)	(164,458)	(3,769,420)
Fund Balance, Beginning	19,820,320	-	15,171,036	401,473	166,802	4,081,209
Fund Balance, Ending	\$ 18,658,107	\$ -	\$ 17,980,470	\$ 363,704	\$ 2,144	\$ 311,789

**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, 2012**

	Certificates of Participation			Variance with Final Budget - Under (Over)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Local Sources				
Interest Income	\$ -	\$ -	\$ 733	\$ (733)
Total Local Sources	-	-	733	(733)
Total Revenues	-	-	733	(733)
EXPENDITURES				
Debt Service				
Principal	21,193,440	21,193,440	21,193,439	1
Interest and Fiscal Charges	21,026,237	23,846,622	19,547,263	4,299,359
Total Expenditures	42,219,677	45,040,062	40,740,702	4,299,360
Deficiency of Revenues Over Expenditures	(42,219,677)	(45,040,062)	(40,739,969)	(4,300,093)
OTHER FINANCING SOURCES (USES)				
Transfer In	42,219,677	45,890,138	42,063,191	3,826,947
Certificates of Participation Issued	-	165,255,000	165,255,000	-
Premium on Certificates of Participation Issued	-	14,774,075	14,774,075	-
Payments to Refunded COPS Escrow Agent	-	(180,879,151)	(180,879,151)	-
Total Other Financing Sources (Uses)	42,219,677	45,040,062	41,213,115	3,826,947
Net Change in Fund Balance	-	-	473,146	(473,146)
Fund Balance, Beginning	183,043	183,043	183,043	-
Fund Balance, Ending	\$ 183,043	\$ 183,043	\$ 656,189	\$ (473,146)

**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, 2012**

	ARRA Economic Stimulus			Variance with Final Budget - Under (Over)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
EXPENDITURES				
Debt Service				
Principal	\$ -	\$ 1,800,600	\$ -	\$ 1,800,600
Interest and Fiscal Charges	-	126,051	126,051	-
Total Expenditures	-	1,926,651	126,051	1,800,600
Deficiency of Revenues				
Over Expenditures	-	(1,926,651)	(126,051)	(1,800,600)
OTHER FINANCING SOURCES				
Transfer In	-	1,926,402	1,918,032	8,370
Total Other Financing Sources	-	1,926,402	1,918,032	8,370
Net Change in Fund Balance	-	(249)	1,791,981	(1,792,230)
Fund Balance, Beginning	6,369	6,369	6,369	-
Fund Balance, Ending	\$ 6,369	\$ 6,120	\$ 1,798,350	\$ (1,792,230)

**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, 2012**

	Local Capital Improvement Tax			Variance with Final Budget - Under (Over)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Local Sources				
Ad Valorem Taxes	\$ 82,785,027	\$ 82,785,027	\$ 82,284,982	\$ 500,045
Interest Income	946,000	449,000	395,475	53,525
Total Local Sources	<u>83,731,027</u>	<u>83,234,027</u>	<u>82,782,742</u>	<u>451,285</u>
 Total Revenues	 <u>83,731,027</u>	 <u>83,234,027</u>	 <u>82,782,742</u>	 <u>451,285</u>
EXPENDITURES				
Current				
Facilities Services	-	68,017,051	32,680,484	35,336,567
Capital Outlay				
Facilities Acquisition and Construction	89,473,589	20,735,990	12,437,392	8,298,598
Other Capital Outlay	-	10,556,362	3,376,641	7,179,721
Debt Service				
Interest and Fiscal Charges	-	64,667	53,993	10,674
 Total Expenditures	 <u>89,473,589</u>	 <u>99,374,070</u>	 <u>48,548,510</u>	 <u>50,825,560</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(5,742,562)</u>	<u>(16,140,043)</u>	<u>34,234,232</u>	<u>(50,374,275)</u>
OTHER FINANCING SOURCES (USES)				
Transfer In	-	2,734,968	2,734,968	-
Transfer Out	(64,219,677)	(47,317,311)	(37,929,777)	(9,387,534)
 Total Other Financing Sources (Uses)	 <u>(64,219,677)</u>	 <u>(44,582,343)</u>	 <u>(35,194,809)</u>	 <u>(9,387,534)</u>
 Net Change in Fund Balance	 <u>(69,962,239)</u>	 <u>(60,722,386)</u>	 <u>(960,577)</u>	 <u>(59,761,809)</u>
Fund Balance, Beginning	<u>124,516,335</u>	<u>125,048,661</u>	<u>125,048,661</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 54,554,096</u>	<u>\$ 64,326,275</u>	<u>\$ 124,088,084</u>	<u>\$ (59,761,809)</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, 2012**

	<u>Certificates of Participation/Impact Fees/State Grants</u>			Variance with Final Budget - Under (Over)
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	
	<u>Original</u>	<u>Final</u>		
REVENUES				
State Sources:				
Charter School Capital Outlay	\$ 5,000,000	\$ 5,252,600	\$ 4,167,303	\$ 1,085,297
State Grants and Other State Sources	300,000	300,000	371,565	(71,565)
Total State Sources	<u>5,300,000</u>	<u>5,552,600</u>	<u>4,538,868</u>	<u>1,013,732</u>
Local Sources				
Interest Income	343,000	238,000	308,641	(70,641)
Impact Fees	1,500,000	1,500,000	3,833,326	(2,333,326)
Local Grants and Other Local Sources	-	2,644,148	-	2,644,148
Total Local Sources	<u>1,843,000</u>	<u>4,382,148</u>	<u>4,141,967</u>	<u>240,181</u>
Total Revenues	<u>7,143,000</u>	<u>9,934,748</u>	<u>8,680,835</u>	<u>1,253,913</u>
EXPENDITURES				
Current				
Facilities Services	-	2,840,411	2,303,514	536,897
Capital Outlay				
Facilities Acquisition and Construction	90,260,522	59,956,179	20,469,686	39,486,493
Other Capital Outlay	-	1,639,413	1,152,089	487,324
Debt Service				
Interest and Fiscal Charges	-	22,085	23,734	(1,649)
Total Expenditures	<u>90,260,522</u>	<u>64,458,088</u>	<u>23,949,023</u>	<u>40,509,065</u>
Deficiency of Revenues Over Expenditures	<u>(83,117,522)</u>	<u>(54,523,340)</u>	<u>(15,268,188)</u>	<u>(39,255,152)</u>
OTHER FINANCING USES				
Transfer Out	<u>(5,000,000)</u>	<u>(31,923,573)</u>	<u>(30,775,911)</u>	<u>(1,147,662)</u>
Total Other Financing Uses	<u>(5,000,000)</u>	<u>(31,923,573)</u>	<u>(30,775,911)</u>	<u>(1,147,662)</u>
Net Change in Fund Balance	<u>(88,117,522)</u>	<u>(86,446,913)</u>	<u>(46,044,099)</u>	<u>(40,402,814)</u>
Fund Balance, Beginning	<u>90,715,883</u>	<u>90,183,557</u>	<u>90,183,557</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 2,598,361</u>	<u>\$ 3,736,644</u>	<u>\$ 44,139,458</u>	<u>\$ (40,402,814)</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, 2012**

	ARRA Economic Stimulus			Variance with Final Budget - Under (Over)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Local Sources				
Interest Income	\$ -	\$ -	\$ 50,870	\$ (50,870)
Total Local Sources	-	-	50,870	(50,870)
Total Revenues	-	-	50,870	(50,870)
EXPENDITURES				
Current				
Facilities Services	-	1,686,969	951,550	735,419
Capital Outlay				
Facilities Acquisition and Construction	26,838,050	24,205,243	24,159,864	45,379
Other Capital Outlay	-	950,043	282,580	667,463
Total Expenditures	26,838,050	26,842,255	25,393,994	1,448,261
Deficiency of Revenues Over Expenditures	(26,838,050)	(26,842,255)	(25,343,124)	(1,499,131)
Net Change in Fund Balance	(26,838,050)	(26,842,255)	(25,343,124)	(1,499,131)
Fund Balance, Beginning	26,842,255	26,842,255	26,842,255	-
Fund Balance, Ending	\$ 4,205	\$ -	\$ 1,499,131	\$ (1,499,131)

**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, 2012**

	Contracted Programs			Variance with Final Budget - Under (Over)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Federal Direct Sources:				
Miscellaneous Federal Direct	\$ 7,155,839	\$ 12,632,965	\$ 9,541,387	\$ 3,091,578
Total Federal Direct Sources	<u>7,155,839</u>	<u>12,632,965</u>	<u>9,541,387</u>	<u>3,091,578</u>
Federal Through State Sources:				
Other Federal Through State Grants	54,372,574	54,010,979	46,300,695	7,710,284
Total Federal Through State Sources	<u>54,372,574</u>	<u>54,010,979</u>	<u>46,300,695</u>	<u>7,710,284</u>
Local Sources:				
Child Care and Adult Course Fees	-	44,874	44,874	-
Total Local Sources	<u>-</u>	<u>44,874</u>	<u>44,874</u>	<u>-</u>
Total Revenues	<u>61,528,413</u>	<u>66,688,818</u>	<u>55,886,956</u>	<u>10,801,862</u>
EXPENDITURES				
Current				
Instruction	37,963,815	40,795,504	35,690,040	5,105,464
Pupil Personnel Services	4,910,740	4,887,396	4,379,921	507,475
Instructional Media Services	257,725	1,108,805	744,126	364,679
Instruction and Curriculum Development Services	8,726,198	8,452,075	6,611,145	1,840,930
Instructional Staff Training Services	5,597,853	6,159,410	4,717,802	1,441,608
Board	-	4,800	4,059	741
General Administration	2,752,318	2,611,908	1,960,809	651,099
School Administration	19,717	139,536	134,008	5,528
Facilities Services	74,735	113,912	96,580	17,332
Central Services	195,723	240,302	228,702	11,600
Pupil Transportation Services	741,661	437,356	270,986	166,370
Operation of Plant	187,682	143,213	135,054	8,159
Community Services	100,246	100,246	93,085	7,161
Capital Outlay				
Facilities Acquisition and Construction	-	278,922	-	278,922
Other Capital Outlay	-	1,215,433	820,639	394,794
Total Expenditures	<u>61,528,413</u>	<u>66,688,818</u>	<u>55,886,956</u>	<u>10,801,862</u>
Excess (Deficiency) of Revenues Over Expenditures				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**THE SCHOOL DISTRICT OF LEE COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
SPECIAL REVENUE FUND - FOOD SERVICE (NONMAJOR GOVERNMENTAL FUND)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Food Service			Variance with Final Budget - Under (Over)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Federal Through State Sources:				
Food Service	\$ 28,573,647	\$ 29,514,290	\$ 27,986,673	\$ 1,527,617
Total Federal Through State Sources	<u>28,573,647</u>	<u>29,514,290</u>	<u>27,986,673</u>	<u>1,527,617</u>
State Sources:				
Food Services	685,263	685,263	570,120	115,143
State Grants and Other State Sources	-	-	12,416	(12,416)
Total State Sources	<u>685,263</u>	<u>685,263</u>	<u>582,536</u>	<u>102,727</u>
Local Sources				
Interest Income	100,000	100,000	30,615	69,385
Food Service Sales	6,953,603	6,953,603	6,675,763	277,840
Local Grants and Other Local Sources	10,500	10,500	25,821	(15,321)
Total Local Sources	<u>7,064,103</u>	<u>7,064,103</u>	<u>6,732,199</u>	<u>331,904</u>
Total Revenues	<u>36,323,013</u>	<u>37,263,656</u>	<u>35,301,408</u>	<u>1,962,248</u>
EXPENDITURES				
Current				
Food Service	35,968,360	37,836,871	31,095,080	6,741,791
Capital Outlay				
Facilities Acquisition and Construction	-	423,182	405,891	17,291
Other Capital Outlay	-	1,714,439	991,003	723,436
Total Expenditures	<u>35,968,360</u>	<u>39,974,492</u>	<u>32,491,974</u>	<u>7,482,518</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>354,653</u>	<u>(2,710,836)</u>	<u>2,809,434</u>	<u>(5,520,270)</u>
Net Change in Fund Balance	354,653	(2,710,836)	2,809,434	(5,520,270)
Fund Balance, Beginning	<u>15,172,350</u>	<u>15,171,036</u>	<u>15,171,036</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 15,527,003</u>	<u>\$ 12,460,200</u>	<u>\$ 17,980,470</u>	<u>\$ (5,520,270)</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, 2012**

	SBE/COBI Bonds			Variance with Final Budget - Under (Over)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
State Sources:				
CO & DS withheld for SBE/COBI Bonds	\$ -	\$ 2,251,424	\$ 2,251,424	\$ -
SBE/COBI Bond Interest	-	(256)	(256)	-
Total State Sources	-	2,251,168	2,251,168	-
 Total Revenues	-	2,251,168	2,251,168	-
 EXPENDITURES				
Debt Service				
Principal	-	1,585,000	1,585,000	-
Interest and Fiscal Charges	-	706,300	706,300	-
Total Expenditures	-	2,291,300	2,291,300	-
 Deficiency of Revenues Over Expenditures	-	(40,132)	(40,132)	-
 OTHER FINANCIAL SOURCES (USES)				
Issuance of Refunding Bonds	-	795,000	795,000	-
Premium on Refunding Bonds	-	122,041	122,041	-
Payments to Refunded Bond Escrow Agent	-	(914,678)	(914,678)	-
Total Other Financial Sources (Uses)	-	2,363	2,363	-
 Net Change in Fund Balance	-	(37,769)	(37,769)	-
 Fund Balance, Beginning	401,473	401,473	401,473	-
 Fund Balance, Ending	\$ 401,473	\$ 363,704	\$ 363,704	\$ -

**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, 2012**

	Public Education Capital Outlay			Variance with Final Budget - Under (Over)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
EXPENDITURES				
Current				
Facilities Services	\$ -	\$ 166,602	\$ 164,458	\$ 2,144
Capital Outlay				
Facilities Acquisition and Construction	67,111	-	-	-
Total Expenditures	67,111	166,602	164,458	2,144
Deficiency of Revenues Over Expenditures	(67,111)	(166,602)	(164,458)	(2,144)
Net Change in Fund Balance	(67,111)	(166,602)	(164,458)	(2,144)
Fund Balance, Beginning	166,602	166,602	166,602	-
Fund Balance, Ending	\$ 99,491	\$ -	\$ 2,144	\$ (2,144)

**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, 2012**

	Capital Outlay & Debt Service (CO and DS)			Variance with Final Budget - Under (Over)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
State Sources:				
CO and DS Distributed to Districts	\$ 925,000	\$ 891,052	\$ 1,032,414	\$ (141,362)
Interest on Undistributed CO and DS	-	35,202	35,202	-
Total State Sources	<u>925,000</u>	<u>926,254</u>	<u>1,067,616</u>	<u>(141,362)</u>
Local Sources				
Interest Income	10,000	10,000	1,105	8,895
Total Local Sources	<u>10,000</u>	<u>10,000</u>	<u>1,105</u>	<u>8,895</u>
Total Revenues	<u>935,000</u>	<u>936,254</u>	<u>1,068,721</u>	<u>(132,467)</u>
EXPENDITURES				
Current				
Facilities Services	-	3,102,707	3,859,810	(757,103)
Capital Outlay				
Facilities Acquisition and Construction	4,013,975	3,601	-	3,601
Other Capital Outlay	-	1,909,900	968,053	941,847
Debt Service				
Interest and Fiscal Charges	-	1,255	10,278	(9,023)
Total Expenditures	<u>4,013,975</u>	<u>5,017,463</u>	<u>4,838,141</u>	<u>179,322</u>
Deficiency of Revenues Over Expenditures	<u>(3,078,975)</u>	<u>(4,081,209)</u>	<u>(3,769,420)</u>	<u>(311,789)</u>
Net Change in Fund Balance	<u>(3,078,975)</u>	<u>(4,081,209)</u>	<u>(3,769,420)</u>	<u>(311,789)</u>
Fund Balance, Beginning	<u>4,081,209</u>	<u>4,081,209</u>	<u>4,081,209</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 1,002,234</u>	<u>\$ -</u>	<u>\$ 311,789</u>	<u>\$ (311,789)</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 POSITION
INTERNAL SERVICE FUNDS
June 30, 2012

	Internal Service Funds		
	Total	Self Insurance	
		Health	Other
ASSETS			
Current Assets			
Cash	\$ 12,126,202	\$ 12,126,202	\$ -
Investments	41,099,273	41,099,273	-
Due from Governmental Funds	12,312,549	-	12,312,549
Total Current Assets	<u>65,538,024</u>	<u>53,225,475</u>	<u>12,312,549</u>
Noncurrent Assets			
Restricted Cash With Fiscal Agent	300,000	-	300,000
Furniture, Fixtures and Equipment	1,498	1,498	-
Less Accumulated Depreciation	(1,498)	(1,498)	-
Total Noncurrent Assets	<u>300,000</u>	<u>-</u>	<u>300,000</u>
Total Assets	<u>65,838,024</u>	<u>53,225,475</u>	<u>12,612,549</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	9,059	-	9,059
Due to other Funds	9,285	9,285	-
Unearned Revenue	9,947,038	9,947,038	-
Estimated Insurance Claims Payable	13,212,830	9,978,703	3,234,127
Liability for Compensated Absences	59,199	24,005	35,194
Total Current Liabilities	<u>23,237,411</u>	<u>19,959,031</u>	<u>3,278,380</u>
Long-Term Liabilities			
Estimated Insurance Claims Payable	9,068,794	34,625	9,034,169
Total Liabilities	<u>32,306,205</u>	<u>19,993,656</u>	<u>12,312,549</u>
NET POSITION			
Restricted for Claims	300,000	-	300,000
Unrestricted	<u>33,231,819</u>	<u>33,231,819</u>	<u>-</u>
Total Net Position	<u>\$ 33,531,819</u>	<u>\$ 33,231,819</u>	<u>\$ 300,000</u>

**THE SCHOOL DISTRICT OF LEE COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 For the Fiscal Year Ended June 30, 2012**

	Internal Service Funds		
	Total	Self Insurance	
		Health	Other
OPERATING REVENUES			
Premium Revenue	\$ 88,793,398	\$ 74,142,607	\$ 14,650,791
Other Operating Revenues	30,325	30,325	-
Total Operating Revenues	<u>88,823,723</u>	<u>74,172,932</u>	<u>14,650,791</u>
OPERATING EXPENSE			
Salaries	284,796	168,574	116,222
Employee Benefits	88,134	39,939	48,195
Purchased Services	12,234,460	4,382,802	7,851,658
Insurance Claims	71,738,075	65,038,426	6,699,649
Total Operating Expenses	<u>84,345,465</u>	<u>69,629,741</u>	<u>14,715,724</u>
Operating Income (Loss)	<u>4,478,258</u>	<u>4,543,191</u>	<u>(64,933)</u>
NONOPERATING REVENUES			
Interest Income	107,528	107,528	-
Total Nonoperating Revenues	<u>107,528</u>	<u>107,528</u>	<u>-</u>
Changes in Net Position	4,585,786	4,650,719	(64,933)
Net Position - July 01, 2011	<u>28,946,033</u>	<u>28,581,100</u>	<u>364,933</u>
Net Position - June 30, 2012	<u>\$ 33,531,819</u>	<u>\$ 33,231,819</u>	<u>\$ 300,000</u>

**THE SCHOOL DISTRICT OF LEE COUNTY
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2012**

	Internal Service Funds		
	Total	Self Insurance	
		Health	Other
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers, Users and Participants	\$ 104,942,822	\$ 90,592,908	\$ 14,349,914
Cash Payments to Suppliers for Goods and Services	(12,216,128)	(4,373,516)	(7,842,612)
Cash Payments to Employees for Services	(405,380)	(214,592)	(190,788)
Cash Payments for Insurance Claims	(70,337,027)	(64,020,513)	(6,316,514)
Net Cash Provided by Operating Activities	<u>21,984,287</u>	<u>21,984,287</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	<u>107,528</u>	<u>107,528</u>	<u>-</u>
Net Cash Provided by Investing Activities	<u>107,528</u>	<u>107,528</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	22,091,815	22,091,815	-
Cash and Cash Equivalents, Beginning	<u>31,433,660</u>	<u>31,133,660</u>	<u>300,000</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 53,525,475</u></u>	<u><u>\$ 53,225,475</u></u>	<u><u>\$ 300,000</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Used by Operating Activities			
Operating Income (Loss)	<u>\$ 4,478,258</u>	<u>\$ 4,543,191</u>	<u>\$ (64,933)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Change in Assets and Liabilities:			
Decrease in Unearned Revenue	(310,639)	(310,639)	-
Decrease in Due from Other Agencies	32,533	32,533	-
Decrease in Compensated Absences Payable	(32,448)	(6,078)	(26,370)
Increase in Accounts Payable	9,046	-	9,046
Increase (decrease) in Due from Governmental Funds	16,397,204	16,698,082	(300,878)
Increase in Due to Governmental Funds	9,285	9,285	-
Increase in Estimated Insurance Claims Payable	1,401,048	1,017,913	383,135
Total Adjustments	<u>17,506,029</u>	<u>17,441,096</u>	<u>64,933</u>
Net Cash Provided by Operating Activities	<u><u>\$ 21,984,287</u></u>	<u><u>\$ 21,984,287</u></u>	<u><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, 2012

	Internal Accounts			
	July 1, 2011	Additions	Deletions	
ASSETS				
Cash	\$ 704,216	\$ 20,062,837	\$ 19,860,828	\$ 906,225
Investments	5,689,743	1,334,905	1,408,400	5,616,248
Accounts Receivable	241,728	48,696	-	290,424
Inventory	400,389	730,064	754,648	375,805
	<u>7,036,076</u>	<u>22,176,502</u>	<u>22,023,876</u>	<u>7,188,702</u>
Total Assets	<u>\$ 7,036,076</u>	<u>\$ 22,176,502</u>	<u>\$ 22,023,876</u>	<u>\$ 7,188,702</u>
LIABILITIES				
Accounts Payable and Other Current Liabilities	\$ 7,036,076	\$ 21,058,613	\$ 20,905,987	\$ 7,188,702
	<u>7,036,076</u>	<u>21,058,613</u>	<u>20,905,987</u>	<u>7,188,702</u>
Total Liabilities	<u>\$ 7,036,076</u>	<u>\$ 21,058,613</u>	<u>\$ 20,905,987</u>	<u>\$ 7,188,702</u>

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, Cape Preparatory & Fitness Academy, Inc., City of Palms Charter High 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, North Nicholas High School, Pivot Charter High School, Richard Milburn Academy of Florida, Inc., Richard Milburn Academy of Florida South, 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 POSITION
COMPONENT UNITS**

June 30, 2012

	Charter Schools			
	Bonita Springs Preparatory & Fitness Academy, Inc.	Bonita Springs Charter School	Cape Coral Charter School	Cape Preparatory & Fitness Academy, In
ASSETS				
Cash	\$ 73,348	\$ 640,142	\$ 162,256	\$ 24,558
Accounts receivable, net	-	59,237	7,343	-
Deposits Receivable	-	70,446	1,305	29,167
Due from other Agencies	-	13,037	149,610	-
Due from Fiduciary Funds	-	8,966	-	-
Prepaid Expenses	-	650	650	-
Capital assets:				
Improvements other than Buildings	-	117,585	72,397	-
Less Accumulated Depreciation	-	(106,799)	(16,955)	-
Buildings	50,000	-	17,721,743	-
Less Accumulated Depreciation	(23,530)	-	(2,325,981)	-
Furniture, Fixtures and Equipment	-	1,436,894	362,531	-
Less Accumulated Depreciation	-	(1,342,867)	(319,437)	-
Software	-	-	-	-
Less Accumulated Amortization	-	-	-	-
Total Assets	<u>99,818</u>	<u>897,291</u>	<u>15,815,462</u>	<u>53,725</u>
LIABILITIES				
Salaries and Wages Payable	-	367,169	217,547	-
Accounts Payable	73,348	150,882	93,550	124,792
Due to other Agencies	-	-	-	-
Noncurrent liabilities:				
Portion due within one year:				
Notes Payable	-	-	-	-
Obligations under Capital Lease	-	-	373,122	-
Portion due after one year:				
Notes Payable	-	-	-	-
Obligations under Capital Lease	-	-	18,222,939	-
Total Liabilities	<u>73,348</u>	<u>518,051</u>	<u>18,907,158</u>	<u>124,792</u>
NET POSITION				
Net Investment in Capital Assets	26,470	104,813	(1,312,529)	-
Restricted for:				
Capital Projects	-	-	-	-
Other Purposes	-	-	-	-
Unrestricted	<u>-</u>	<u>274,427</u>	<u>(1,779,167)</u>	<u>(71,067)</u>
Total net position- Component Units	<u>\$ 26,470</u>	<u>\$ 379,240</u>	<u>\$ (3,091,696)</u>	<u>\$ (71,067)</u>

c.	City of Palms Charter High School	Coronado High School	Ft. Myers Preparatory & Fitness Academy, Inc.	Gateway Charter School	Gateway Intermediate Charter School	Gateway Charter High School
	\$ 125,954	\$ 433,160	\$ 52,772	\$ 1,098,789	\$ 950,921	\$ 2,987
	-	-	28,948	19,064	32,999	10,862
	-	-	-	22,144	-	38,890
	-	58,431	-	1,704,285	2,016,248	357,211
	-	-	-	15,717	-	-
	23,833	-	75,000	7,178	650	5,348
	-	-	-	104,915	-	206,737
	-	-	-	(65,176)	-	(142,217)
	-	-	-	21,495,982	-	13,338,119
	-	-	-	(2,821,350)	-	(1,750,628)
	9,204	140,958	-	1,007,718	276,887	1,091,940
	(7,713)	(88,900)	-	(941,873)	(231,811)	(1,052,445)
	112,455	-	-	-	-	-
	(83,025)	-	-	-	-	-
	<u>180,708</u>	<u>543,649</u>	<u>156,720</u>	<u>21,647,393</u>	<u>3,045,894</u>	<u>12,106,804</u>
	-	-	-	544,384	-	166,298
	34,621	-	156,720	150,160	13,999	156,410
	-	267,543	-	-	1,414,826	-
	-	-	-	-	-	-
	-	-	-	445,520	-	278,450
	-	-	-	-	-	-
	-	-	-	21,758,732	-	13,599,206
	<u>34,621</u>	<u>267,543</u>	<u>156,720</u>	<u>22,898,796</u>	<u>1,428,825</u>	<u>14,200,364</u>
	30,921	52,058	-	(1,605,999)	45,076	(958,010)
	-	176,008	-	-	-	-
	-	-	-	-	-	-
	115,166	48,040	-	354,596	1,571,993	(1,135,550)
	<u>\$ 146,087</u>	<u>\$ 276,106</u>	<u>\$ -</u>	<u>\$ (1,251,403)</u>	<u>\$ 1,617,069</u>	<u>\$ (2,093,560)</u>

(Continue)

**THE SCHOOL DISTRICT OF LEE COUNTY
COMBINING SCHEDULE OF NET POSITION
COMPONENT UNITS**

June 30, 2012

	Charter Schools		
	Goodwill L.I.F.E. Academy	The Island School, Inc.	Lee Charter Academy, Inc.
ASSETS			
Cash	\$ 64,334	\$ 258,689	\$ 29,986
Accounts receivable, net	-	-	-
Deposits Receivable	-	-	-
Due from other Agencies	-	-	30,081
Due from Fiduciary Funds	-	-	-
Prepaid Expenses	1,055	1,938	28,000
Capital assets:			
Improvements other than Buildings	1,200	-	-
Less Accumulated Depreciation	(610)	-	-
Buildings and Fixed Equipment	-	2,940,609	-
Less Accumulated Depreciation	-	(225,581)	-
Furniture, Fixtures and Equipment	3,339	198,833	68,167
Less Accumulated Depreciation	(3,339)	(175,622)	(61,317)
Computer Software	-	-	-
Less Accumulated Amortization	-	-	-
Total Assets	65,979	2,998,866	94,917
LIABILITIES			
Salaries and Wages Payable	23,971	5,519	34,415
Accounts Payable	7,429	1,369	66,246
Due to other Agencies	-	-	-
Noncurrent liabilities:			
Portion due within one year:			
Notes Payable	-	7,140	91,350
Obligations under Capital Lease	-	-	-
Portion due after one year:			
Notes Payable	-	-	95,759
Obligations under Capital Lease	-	-	-
Total Liabilities	31,400	14,028	287,770
NET POSITION			
Net Investment in Capital Assets	590	2,738,239	6,850
Restricted for:			
Capital Projects	-	-	-
Other Purposes	-	7,313	-
Unrestricted	33,989	239,286	(199,703)
Total net position- Component Units	\$ 34,579	\$ 2,984,838	\$ (192,853)

Lee Alternative Charter High School	North Nicholas High School	Pivot Charter High School	Richard Milburn Academy of Florida, Inc.	Richard Milburn Academy of Florida, Inc. South	Six Mile Charter Academy
\$ 86,337	\$ 231,012	\$ 1,025	\$ 34,889	\$ 33,166	\$ 1,212,310
179,288	-	-	13,517	24,609	19,688
-	-	-	-	-	-
-	33,595	149,479	-	-	306,625
-	-	-	-	-	108
10,292	-	7,878	23,503	8,584	-
-	-	-	-	-	65,687
-	-	-	-	-	(14,019)
145,753	-	355,611	1,106,339	27,967	17,929,083
(42,769)	-	(11,854)	(987,593)	(4,983)	(2,353,194)
18,982	140,958	141,000	162,618	31,900	367,673
(18,065)	(88,900)	(14,100)	(158,905)	(9,692)	(269,416)
-	-	-	-	-	-
-	-	-	-	-	-
<u>379,818</u>	<u>316,665</u>	<u>629,039</u>	<u>194,368</u>	<u>111,551</u>	<u>17,264,545</u>
-	-	-	-	-	275,919
201,223	-	157,850	611,791	391,290	133,768
-	204,236	-	-	-	-
6,236	-	-	74,796	-	-
970	-	-	-	-	373,123
30,851	-	541,500	-	-	-
51,551	-	-	-	-	18,222,937
<u>290,831</u>	<u>204,236</u>	<u>699,350</u>	<u>686,587</u>	<u>391,290</u>	<u>19,005,747</u>
14,293	52,058	(70,843)	11,858	45,192	(1,277,648)
-	-	-	-	-	-
-	-	-	-	-	-
74,694	60,371	532	(504,077)	(324,931)	(463,554)
<u>\$ 88,987</u>	<u>\$ 112,429</u>	<u>\$ (70,311)</u>	<u>\$ (492,219)</u>	<u>\$ (279,739)</u>	<u>\$ (1,741,202)</u>

(Continue)

**THE SCHOOL DISTRICT OF LEE COUNTY
COMBINING SCHEDULE OF NET POSITION
COMPONENT UNITS**

June 30, 2012

	<u>Total Charter Schools</u>	<u>Foundation for Lee County Public Schools, Inc.</u>	<u>Total Component Units</u>
ASSETS			
Cash	\$ 5,516,635	\$ 949,441	\$ 6,466,076
Accounts receivable, net	395,555	154,405	549,960
Deposits Receivable	161,952	-	161,952
Due from other Agencies	4,818,602	-	4,818,602
Due from Fiduciary Funds	24,791	-	24,791
Prepaid Expenses	194,559	1,474,478	1,669,037
Capital assets:			
Improvements other than Buildings	568,521	-	568,521
Less Accumulated Depreciation	(345,776)	-	(345,776)
Buildings	75,111,206	-	75,111,206
Less Accumulated Depreciation	(10,547,463)	-	(10,547,463)
Furniture, Fixtures and Equipment	5,459,602	78,970	5,538,572
Less Accumulated Depreciation	(4,784,402)	(47,988)	(4,832,390)
Software	112,455	-	112,455
Less Accumulated Amortization	(83,025)	-	(83,025)
Total Assets	<u>76,603,212</u>	<u>2,609,306</u>	<u>79,212,518</u>
LIABILITIES			
Salaries and Wages Payable	1,635,222	-	1,635,222
Accounts Payable	2,525,448	45,911	2,571,359
Due to other Agencies	1,886,605	-	1,886,605
Noncurrent liabilities:			
Portion due within one year:			
Notes Payable	179,522	-	179,522
Obligations under Capital Lease	1,471,185	-	1,471,185
Portion due after one year:			
Notes Payable	668,110	-	668,110
Obligations under Capital Lease	71,855,365	-	71,855,365
Total Liabilities	<u>80,221,457</u>	<u>45,911</u>	<u>80,267,368</u>
NET POSITION			
Net Investment in Capital Assets	(2,096,611)	30,982	(2,065,629)
Restricted for:			
Capital Projects	176,008	-	176,008
Other Purposes	7,313	2,582,360	2,589,673
Unrestricted	<u>(1,704,955)</u>	<u>(49,947)</u>	<u>(1,754,902)</u>
Total net position- Component Units	<u>\$ (3,618,245)</u>	<u>\$ 2,563,395</u>	<u>\$ (1,054,850)</u>

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THE SCHOOL DISTRICT OF LEE COUNTY
 COMBINING SCHEDULE OF ACTIVITIES
 COMPONENT UNITS
 FOR THE YEAR ENDED JUNE 30, 2012

	Bonita Springs Preparatory & Fitness Academy, Inc.	Bonita Springs Charter School	Cape Coral Charter School	Cape Preparatory & Fitness Academy, Inc.
Governmental activities				
Expenses				
Instruction	\$ 1,111,096	\$ 3,881,008	\$ 1,855,219	\$ 315,168
Pupil Personnel Services	-	151,981	94,718	-
Instructional Media Services	9,269	4,976	4,699	-
Instruction and Curriculum Development Services	-	10,306	15,785	11,130
Instructional Staff Training Services	-	4,227	18,490	-
Instruction Related Technology	-	32,567	14,598	-
Board	40,910	399,945	18,800	7,912
General Administration	75,682	-	-	31,374
School Administration	142,107	513,701	390,778	132,539
Facilities Services	-	-	-	-
Fiscal Services	-	1,471,257	4,213	-
Food Services	185,934	447,543	233,194	64,508
Central Services	36,735	3,891	3,871	18,252
Pupil Transportation Services	123,570	768,096	320,306	81,826
Operation of Plant	394,250	2,342,118	949,495	230,158
Maintenance of Plant	55,440	108,869	179,091	14,222
Community Services	-	42,983	34,119	-
Unallocated Interest and Fiscal Charges on Long-term Debt	-	-	971,313	-
Unallocated Depreciation Expense *	-	-	-	-
Total Expenses	\$ 2,174,993	\$ 10,183,468	\$ 5,108,689	\$ 907,089
Program Revenues				
Charges for Services				
1 Food Services	\$ 3,312	\$ 146,166	\$ 37,379	\$ 5,352
Community Services	-	170,663	63,757	-
Total Charges for Services	3,312	316,829	101,136	5,352
Operating Grants and Contributions				
Instruction	-	418,873	122,737	1,509
Pupil Personnel Services	-	8,830	4,000	-
Instructional Staff Training Services	-	-	-	-
Instruction Related Technology	-	32,567	14,598	-
General Administration	-	-	-	-
School Administration	-	24,787	4,000	-
Food Services	87,710	303,685	200,438	41,380
Pupil Transportation Services	-	-	-	-
Operation of Plant	-	-	-	-
Community Services	-	-	5,350	-
Total Operating Grants and Contributions	87,710	788,742	351,123	42,889
Capital Grants and Contributions				
Facilities Services	-	-	-	-
Operation of Plant	-	456,704	-	-
Unallocated Interest and Fiscal Charges on Long-term Debt	-	-	209,395	-
Total Capital Grants and Contributions	-	456,704	209,395	-
Total Program Revenues	91,022	1,562,275	661,654	48,241
Net Program Revenues	(2,083,971)	(8,621,193)	(4,447,035)	(858,848)
General Revenues				
Other Federal Sources not restricted to specific programs	-	-	-	-
Other State Sources not restricted to specific programs	1,817,972	7,802,386	3,661,722	627,481
Other Local Sources not restricted to specific programs	254,234	47,117	595,420	160,300
Unrestricted Investment Earnings	-	713	-	-
Total General Revenues	2,072,206	7,850,216	4,257,142	787,781
Changes in Net Position	(11,765)	(770,977)	(189,893)	(71,067)
Net Position - July 1, 2011	38,235	1,150,217	(2,901,803)	-
Net Position - June 30, 2012	\$ 26,470	\$ 379,240	\$ (3,091,696)	\$ (71,067)

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

Charter Schools						
City of Palms Charter High 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
\$ 429,936	\$ 604,023	\$ 872,343	\$ 3,273,369	\$ 2,907,392	\$ 2,193,972	\$ 270,291
86,763	227,073	-	106,326	60,218	216,230	-
-	-	6,880	-	-	3,764	-
-	-	-	-	-	1,567	-
8,927	-	-	8,159	11,837	10,155	-
17,680	-	-	25,578	26,172	22,628	-
31,857	62,783	27,862	18,824	13,818	18,802	51,018
237,636	872,019	65,049	-	-	-	-
268,652	-	144,757	748,295	323,668	437,129	107,983
17,414	3,616	-	-	-	-	84,075
-	-	-	1,127,830	972,504	4,006	-
-	2,456	129,016	434,532	1,064	369,511	7,893
-	-	31,184	2,068	376	1,488	-
18,235	-	207,543	512,064	512,544	512,064	86,521
154,038	395,982	216,488	1,815,401	585,825	862,834	16,702
2,637	-	42,347	153,670	129,689	95,116	-
-	-	-	109,411	29	-	-
-	-	-	1,145,128	-	714,616	-
-	-	-	-	-	-	120
<u>\$ 1,273,775</u>	<u>\$ 2,167,952</u>	<u>\$ 1,743,469</u>	<u>\$ 9,480,655</u>	<u>\$ 5,545,136</u>	<u>\$ 5,463,882</u>	<u>\$ 624,603</u>
\$ -	\$ -	\$ 6,203	\$ 116,439	\$ -	\$ 115,596	\$ 1,953
-	-	-	209,150	-	-	-
-	-	6,203	325,589	-	115,596	1,953
-	-	32,696	313,555	341,897	243,963	-
-	-	-	10,487	631	8,449	-
-	-	-	-	-	-	-
-	-	-	25,578	26,172	22,628	-
-	-	-	-	-	-	-
-	-	-	18,491	10,003	20,783	-
-	-	116,274	378,900	390	301,667	-
-	-	-	-	-	-	12,290
-	206,690	-	4,589	-	4,153	-
-	-	-	3,552	-	-	-
-	206,690	148,970	755,152	379,093	601,643	12,290
-	-	-	-	-	-	20,295
104,378	-	-	-	384,220	-	-
-	-	-	382,999	-	362,740	-
104,378	-	-	382,999	384,220	362,740	20,295
104,378	206,690	155,173	1,463,740	763,313	1,079,979	34,538
<u>(1,169,397)</u>	<u>(1,961,262)</u>	<u>(1,588,296)</u>	<u>(8,016,915)</u>	<u>(4,781,823)</u>	<u>(4,383,903)</u>	<u>(590,065)</u>
-	-	-	-	-	-	-
1,190,469	2,019,648	1,383,890	6,986,763	5,630,991	3,841,722	494,493
76,168	-	204,406	336,515	(1,079,551)	435,247	147,355
-	-	-	3,328	32,999	2,566	-
<u>1,266,637</u>	<u>2,019,648</u>	<u>1,588,296</u>	<u>7,326,606</u>	<u>4,584,439</u>	<u>4,279,535</u>	<u>641,848</u>
97,240	58,386	-	(690,309)	(197,384)	(104,368)	51,783
48,847	217,720	-	(561,094)	1,814,453	(1,989,192)	(17,204)
<u>\$ 146,087</u>	<u>\$ 276,106</u>	<u>\$ -</u>	<u>\$ (1,251,403)</u>	<u>\$ 1,617,069</u>	<u>\$ (2,093,560)</u>	<u>\$ 34,579</u>

(Continue)

THE SCHOOL DISTRICT OF LEE COUNTY
 COMBINING SCHEDULE OF ACTIVITIES
 COMPONENT UNITS
 FOR THE YEAR ENDED JUNE 30, 2012

	Charter Schools			
	The Island	Lee	Lee Alternative	North Nicholas
	School, Inc.	Charter Academy, Inc.	Charter High School	High School
Governmental activities				
Expenses				
Instruction	\$ 350,869	\$ 504,902	\$ 391,335	\$ 533,247
Pupil Personnel Services	-	-	54,885	170,952
Instructional Media Services	-	-	-	-
Instruction and Curriculum Development Services	3,573	-	2,470	-
Instructional Staff Training Services	-	-	7,926	-
Instruction Related Technology	-	-	-	-
Board	-	26,647	21,287	58,512
General Administration	205,806	-	165,104	398,588
School Administration	-	204,207	170,174	-
Facilities Services	-	255,008	-	1,346
Fiscal Services	19,550	25,004	194,830	69,578
Food Services	-	134,393	18,778	1,631
Central Services	-	-	644	-
Pupil Transportation Services	-	120,800	6,400	-
Operation of Plant	115,005	85,309	340,723	487,446
Maintenance of Plant	-	61,417	-	-
Community Services	-	542	-	-
Interest and Fiscal Charges on Long-term Debt	-	-	13,226	-
Unallocated Depreciation Expense *	-	8,205	-	-
Total Expenses	\$ 694,803	\$ 1,426,434	\$ 1,387,782	\$ 1,721,300
Program Revenues				
Charges for Services				
Food Services	\$ -	\$ 3,029	\$ -	\$ -
Community Services	-	-	-	-
Total Charges for Services	-	3,029	-	-
Operating Grants and Contributions				
Instruction	-	125,178	-	5,924
Pupil Personnel Services	-	-	-	-
Instructional Staff Training Services	-	-	5,044	-
Instruction Related Technology	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Food Services	-	125,941	-	-
Pupil Transportation Services	-	26,217	-	-
Operation of Plant	-	-	-	-
Community Services	-	-	-	-
Total Operating Grants and Contributions	-	277,336	5,044	5,924
Capital Grants and Contributions				
Facilities Services	-	-	-	-
Operation of Plant	-	-	-	158,634
Unallocated Interest and Fiscal Charges on Long-term Debt	-	-	-	-
Total Capital Grants and Contributions	-	-	-	158,634
Net Program Revenues	(694,803)	(1,146,069)	(1,382,738)	(1,556,742)
General Revenues				
Other Federal Sources not restricted to specific programs	-	-	-	-
Other State Sources not restricted to specific programs	266,391	908,947	1,296,678	1,504,606
Other Local Sources not restricted to specific programs	458,639	27,072	28,961	35,350
Unrestricted Investment Earnings	1,154	-	-	-
Total General Revenues	726,184	936,019	1,325,639	1,539,956
Changes in Net Position	31,381	(210,050)	(57,099)	(16,786)
Net Position - July 1, 2011	2,953,457	17,197	146,086	129,215
Net Position - June 30, 2012	\$ 2,984,838	\$ (192,853)	\$ 88,987	\$ 112,429

Pivot Charter High School	Richard Milburn Academy of Florida, Inc.	Richard Milburn Academy of Florida, Inc. South	Six Mile Charter Academy
\$ 156,001	\$ 614,086	\$ 280,956	\$ 3,180,717
-	66,533	-	112,740
-	-	-	1,114
-	3,225	903	35,160
6,000	8,707	2,627	16,394
-	-	-	25,478
22,830	22,045	12,035	18,822
2,479	258,304	61,147	-
303,148	269,850	143,959	559,551
-	-	-	-
7,520	175,877	66,639	1,090,785
-	60,347	22,148	334,946
-	1,348	354	4,400
40,518	16,485	6,475	640,080
111,933	288,035	136,488	1,034,960
-	2,187	941	153,545
-	69,802	90	88,599
-	12,063	-	951,789
25,954	-	-	-
<u>\$ 676,383</u>	<u>\$ 1,868,894</u>	<u>\$ 734,762</u>	<u>\$ 8,249,080</u>
\$ -	\$ -	\$ -	\$ 80,147
-	-	-	180,541
-	-	-	260,688
141,000	-	-	290,588
-	-	-	4,000
6,000	4,832	2,627	-
-	-	-	25,478
2,479	-	-	-
-	-	-	9,387
-	37,425	-	290,443
-	-	-	-
-	-	-	-
-	-	-	-
149,479	42,257	2,627	619,896
-	-	-	-
-	-	-	-
-	-	-	400,761
-	-	-	400,761
149,479	42,257	2,627	1,281,345
<u>(526,904)</u>	<u>(1,826,637)</u>	<u>(732,135)</u>	<u>(6,967,735)</u>
-	-	72,950	-
456,593	1,129,621	379,446	6,802,787
-	808	-	137,993
-	-	-	1,029
456,593	1,130,429	452,396	6,941,809
(70,311)	(696,208)	(279,739)	(25,926)
-	203,989	-	(1,715,276)
<u>\$ (70,311)</u>	<u>\$ (492,219)</u>	<u>\$ (279,739)</u>	<u>\$ (1,741,202)</u>

(Continue)

THE SCHOOL DISTRICT OF LEE COUNTY
 COMBINING SCHEDULE OF ACTIVITIES
 COMPONENT UNITS
 FOR THE YEAR ENDED JUNE 30, 2012

	Total Charter Schools	Foundation for Lee County Public Schools, Inc.	Total Component Units
Governmental activities			
Expenses			
Instruction	\$ 23,725,930	\$ -	\$ 23,725,930
Pupil Personnel Services	1,348,419	-	1,348,419
Instructional Media Services	30,702	-	30,702
Instruction and Curriculum Development Services	84,119	-	84,119
Instructional Staff Training Services	103,449	-	103,449
Instruction Related Technology	164,701	-	164,701
Board	874,709	-	874,709
General Administration	2,373,188	-	2,373,188
School Administration	4,860,498	-	4,860,498
Facilities Services	361,459	-	361,459
Fiscal Services	5,229,593	-	5,229,593
Food Services	2,447,894	-	2,447,894
Central Services	104,611	-	104,611
Pupil Transportation Services	3,973,527	-	3,973,527
Operation of Plant	10,563,190	-	10,563,190
Maintenance of Plant	999,171	-	999,171
Community Services	345,575	1,816,498	2,162,073
Interest and Fiscal Charges on Long-term Debt	3,808,135	-	3,808,135
Unallocated Depreciation Expense *	34,279	-	34,279
Total Expenses	\$ 61,433,149	\$ 1,816,498	\$ 63,249,647
Program Revenues			
Charges for Services			
Food Services	\$ 515,576	\$ -	\$ 515,576
Community Services	624,111	-	624,111
Total Charges for Services	1,139,687	-	1,139,687
Operating Grants and Contributions			
Instruction	2,037,920	-	2,037,920
Pupil Personnel Services	36,397	-	36,397
Instructional Staff Training Services	18,503	-	18,503
Instruction Related Technology	147,021	-	147,021
General Administration	2,479	-	2,479
School Administration	87,451	-	87,451
Food Services	1,884,253	-	1,884,253
Pupil Transportation Services	38,507	-	38,507
Operation of Plant	215,432	-	215,432
Community Services	8,902	1,806,615	1,815,517
Total Operating Grants and Contributions	4,476,865	1,806,615	6,283,480
Capital Grants and Contributions			
Facilities Services	20,295	-	20,295
Operation of Plant	1,103,936	-	1,103,936
Unallocated Interest and Fiscal Charges on Long-term Debt	1,355,895	-	1,355,895
Total Capital Grants and Contributions	2,480,126	-	2,480,126
	8,096,678	1,806,615	9,903,293
Net Program Revenues	(53,336,471)	(9,883)	(53,346,354)
General Revenues			
Other Federal Sources not restricted to specific programs	72,950	-	72,950
Other State Sources not restricted to specific programs	48,202,606	-	48,202,606
Other Local Sources not restricted to specific programs	1,866,034	-	1,866,034
Unrestricted Investment Earnings	41,789	1,223	43,012
Total General Revenues	50,183,379	1,223	50,184,602
Changes in Net Position	(3,153,092)	(8,660)	(3,161,752)
Net Position - July 1, 2011	(465,153)	2,572,055	2,106,902
Net Position-June 30, 2012	\$ (3,618,245)	\$ 2,563,395	\$ (1,054,850)

(Concluded)

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

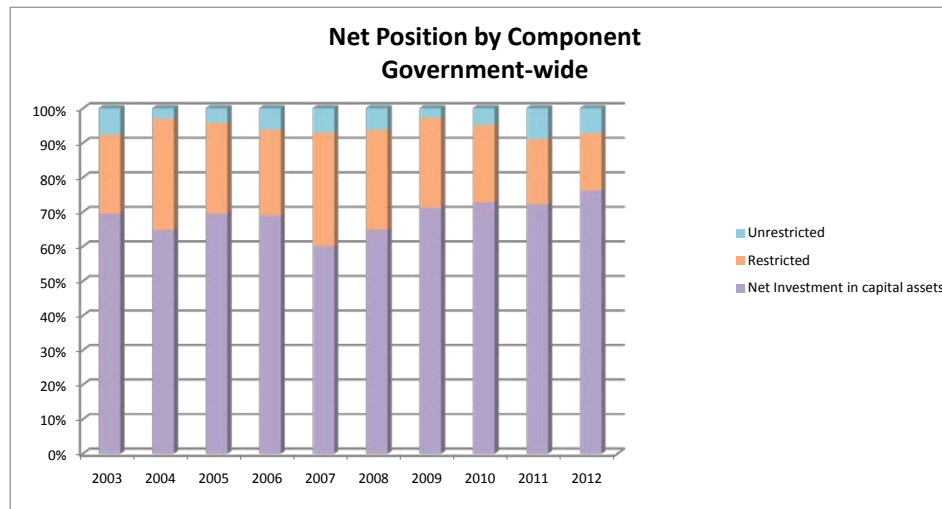
These schedules contain service data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

**THE SCHOOL DISTRICT OF LEE COUNTY
NET POSITION BY COMPONENT
LAST 10 FISCAL YEARS
(accrual basis of accounting)
(UNAUDITED)**

	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	June 30, 2012
Primary Government:										
Net Investment in capital assets	\$ 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	\$ 903,860,005
Restricted	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	197,522,171
Unrestricted	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	85,485,576
Total Primary Government net position	\$ 507,192,608	\$ 599,933,657	\$ 686,356,374	\$ 829,108,561	\$ 1,078,770,352	\$ 1,236,775,091	\$ 1,249,678,202	\$ 1,241,762,284	\$ 1,241,253,728	\$ 1,186,867,752

Source: District Records

1



**THE SCHOOL DISTRICT OF LEE COUNTY
CHANGES IN NET POSITION
LAST 10 FISCAL YEARS
(accrual basis of accounting)
(UNAUDITED)**

	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	June 30, 2012
Expenses										
Primary Government Activities										
Instruction	\$ 226,738,587	\$ 266,239,681	\$ 293,672,876	\$ 325,920,739	\$ 381,883,870	\$ 415,766,690	\$ 425,450,532	\$ 417,050,879	\$ 433,180,316	\$ 418,984,609
Pupil Personnel Services	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	26,143,478
Instructional Media Services	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	5,101,414
Instruction and Curriculum Development Services	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	11,792,067
Instruction Staff Training Services	5,534,462	5,800,435	6,864,314	8,732,316	7,597,640	11,870,616	9,933,041	11,214,029	11,204,173	10,441,099
Instruction Related Technology	-	-	-	3,593,376	3,913,016	4,451,217	4,679,712	4,619,892	4,658,335	5,714,759
Board	606,939	632,911	684,010	757,351	865,352	939,760	902,082	790,180	787,388	834,172
General Administration	4,448,714	3,785,102	4,471,999	4,163,236	4,547,581	4,725,583	3,918,822	4,216,080	4,763,156	4,843,419
School Administration	26,139,601	29,142,148	32,829,271	34,964,147	39,619,562	42,946,103	43,869,820	41,351,915	42,405,924	40,668,984
Facilities Services	10,011,091	22,396,538	38,276,578	41,874,153	75,106,103	77,705,092	81,289,058	106,859,204	90,701,253	96,215,372
Fiscal Services	2,593,152	2,605,593	2,913,495	3,239,333	3,924,042	3,771,067	3,803,339	3,741,286	3,580,452	3,194,083
Food Services	19,249,936	22,683,843	25,328,599	27,827,908	30,743,683	30,718,899	28,478,537	27,578,058	29,423,128	31,402,396
Central Services	8,841,650	10,692,352	11,591,711	7,520,547	8,069,623	10,198,141	8,371,211	9,077,173	8,087,084	8,494,997
Pupil Transportation Services	27,633,293	32,593,062	36,570,000	42,699,046	45,328,068	51,400,897	47,032,022	46,101,766	47,477,640	47,333,631
Operation of Plant	37,803,943	44,306,848	51,262,690	51,606,094	66,065,161	69,654,630	66,649,955	64,865,149	63,872,675	63,768,425
Maintenance of Plant	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	14,289,672
Administrative Technology Services	-	-	-	3,548,397	3,747,997	4,067,658	4,768,118	4,751,586	5,378,856	5,424,087
Community Services	2,753,460	3,134,117	5,859,463	7,175,904	7,603,677	7,120,486	5,939,533	4,249,023	4,139,953	4,098,525
Unallocated Interest and Fiscal Charges on Long-term Debt	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	18,755,911
Unallocated Depreciation Expense	14,695,517	13,787,635	12,582,801	13,915,710	79,880	-	-	-	-	-
Total Primary Government Expenses	\$ 444,653,893	\$ 529,081,118	\$ 608,097,127	\$ 662,699,727	\$ 772,963,885	\$ 830,490,990	\$ 825,525,544	\$ 830,057,332	\$ 830,797,428	\$ 817,501,100
Program Revenues										
Primary Government Activities										
Charges for Services										
Student Fees	\$ 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	\$ 7,999,884
Food Service	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	6,675,763
Bus Trips	563,124	647,348	703,561	677,493	689,674	568,513	452,847	511,233	446,533	432,515
Operating Grants & Contributions	25,791,652	28,828,740	32,254,708	32,261,688	36,121,186	39,718,603	40,955,538	24,381,950	26,990,829	28,624,862
Capital Grants & Contributions	10,141,888	29,941,462	11,796,757	15,324,949	96,832,779	66,398,496	18,544,595	7,283,648	9,461,466	7,425,368
Total Primary Government Program Revenues	\$ 50,872,789	\$ 75,067,048	\$ 61,028,638	\$ 67,083,696	\$ 153,824,840	\$ 126,770,599	\$ 76,644,561	\$ 47,035,417	\$ 51,907,186	\$ 51,158,392
Net (Expense)/Revenue										
Total Primary Government Net Expense	\$ (393,781,104)	\$ (454,014,070)	\$ (547,068,489)	\$ (595,616,031)	\$ (619,139,045)	\$ (703,720,391)	\$ (748,880,983)	\$ (783,021,915)	\$ (778,890,242)	\$ (766,342,708)
General Revenues and Other Changes in Net Assets										
Primary Government Activities										
Property Taxes:										
Levied for Operational Purposes	\$ 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	\$ 348,605,113
Levied for Capital Projects	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	82,284,982
Florida Education Finance Program	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	89,072,529
Other Federal Sources	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	65,032,017
Other State Sources	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	116,012,704
Other Miscellaneous Sources	10,983,647	41,756,258	60,162,359	65,140,507	49,112,891	7,751,265	9,386,766	15,859,537	8,762,613	8,832,209
Unrestricted Investment Earnings	4,232,437	4,683,237	10,628,240	20,213,157	27,801,337	16,594,580	(1,329,696)	5,512,349	3,391,817	2,117,178
Special Item:	-	-	-	-	-	-	-	-	-	-
Loss on the write-off of Capital Assets	(18,111,810)	-	-	-	-	-	-	-	-	-
Total Primary Government	\$ 461,622,676	\$ 546,755,118	\$ 633,491,205	\$ 739,166,424	\$ 868,800,837	\$ 861,725,130	\$ 780,661,837	\$ 775,105,997	\$ 778,381,686	\$ 711,956,732
Changes in Net Position										
Total Primary Government	\$ 67,841,572	\$ 92,741,048	\$ 86,422,716	\$ 143,550,393	\$ 248,661,792	\$ 158,004,739	\$ 31,780,854	\$ (7,915,918)	\$ (508,556)	\$ (54,385,976)

Source: District Records

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

	<u>Post-GASB 54</u>	<u>Post-GASB 54</u>						
	<u>June 30, 2011</u>	<u>June 30, 2012</u>						
General Fund								
Nonspendable	\$ 1,689,456	\$ 2,187,723						
Restricted	6,379,538	14,139,594						
Assigned	69,938,055	11,022,864						
Unassigned	<u>87,579,373</u>	<u>116,160,720</u>						
Total General Fund	<u>\$ 165,586,422</u>	<u>\$ 143,510,901</u>						
All Other Governmental Funds								
Nonspendable	\$ 274,957	\$ 344,491						
Restricted	259,742,244	190,494,828						
Assigned	<u>2,067,004</u>	<u>-</u>						
Total All Other Governmental Funds	<u>\$ 262,084,205</u>	<u>\$ 190,839,319</u>						
	Pre-GASB 54							
	<u>June 30, 2003</u>	<u>June 30, 2004</u>	<u>June 30, 2005</u>	<u>June 30, 2006</u>	<u>June 30, 2007</u>	<u>June 30, 2008</u>	<u>June 30, 2009</u>	<u>June 30, 2010</u>
General Fund								
Reserved	\$ 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>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>\$ 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>
All Other Governmental Funds								
Reserved	\$ 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	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>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>\$ 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)

	<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>	<u>June 30, 2012</u>
Federal Direct Sources:										
Reserve Officers Training Corps (ROTC)	\$ 453,663	\$ 552,904	\$ 574,126	\$ 668,825	\$ 844,945	\$ 776,072	\$ 912,913	\$ 979,958	\$ 1,089,726	\$ 1,260,711
Impact Aid	-	-	12,109	70,334	11,298	9,444	4,925	2,355	20,234	20,178
Miscellaneous Federal Direct	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	9,821,818
Total Federal Direct	8,545,333	6,420,189	7,608,794	7,428,408	6,682,351	7,671,878	7,828,615	9,957,197	11,056,107	11,102,707
Federal Through State Sources:										
Medicaid	-	-	-	1,052,361	1,725,959	1,099,769	1,313,278	2,420,605	2,057,558	2,196,690
Food Service	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	27,986,673
Other Federal Through State Grants	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	51,800,689
Total Federal Through State Sources	38,452,789	47,838,666	53,520,204	57,967,728	60,932,757	60,810,090	63,272,013	106,166,134	132,827,495	81,984,052
State Sources:										
Florida Education Finance Program (FEFP)	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	89,072,529
Workforce Development Program	-	-	-	-	-	11,122,931	10,531,771	-	9,473,074	10,159,251
Categorical Education Programs	26,413,770	39,564,189	56,354,762	75,703,562	100,898,152	119,464,388	36,533,686	5,911,240	-	-
Discretionary Lottery Funds	4,575,587	3,202,236	3,908,953	3,646,788	3,173,946	3,910,457	1,984,085	227,084	312,199	275,950
CO & DS Distributed to Districts	444,785	497,874	563,131	749,074	873,572	936,036	929,162	916,066	965,172	1,032,414
Interest on Undistributed CO & DS	49,916	26,546	36,273	41,026	79,789	77,087	32,368	35,937	37,441	35,202
CO & DS withheld for SBE/COBI Bonds	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	2,251,424
State License Tax	524,442	517,672	527,359	533,549	504,472	497,288	491,382	496,031	500,399	472,464
Food Services	405,075	403,476	411,087	436,038	432,956	447,046	478,189	511,914	528,273	582,536
SBE/COBI Bond Interest	4,871	4,794	5,258	19,590	17,735	20,385	678	1,333	326	(256)
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	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	-
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	94,203,723
Charter School Capital Outlay	256,188	888,420	1,227,211	1,290,088	2,974,782	3,351,654	4,732,956	4,891,005	4,540,302	4,167,303
State Grants and Other State Sources	1,544,854	794,448	656,397	2,030,894	898,136	977,110	854,470	483,948	7,926,158	6,771,605
Total State Sources	127,845,826	155,621,167	151,074,190	148,088,952	248,484,944	216,651,248	171,185,319	171,381,804	202,913,597	209,247,395
Taxes and Miscellaneous Sources:										
Ad Valorem Taxes	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	430,890,095
Rent	238,580	326,668	650,417	391,540	367,553	448,144	507,120	719,824	670,210	611,901
Child Care and Adult Course Fees	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	7,999,884
Food Service Sales	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	6,675,763
Interest Income	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	2,009,650
Gifts, Grants and Bequests	225,494	150,237	102,356	185,326	393,628	467,990	456,611	1,481,048	367,002	530,916
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	3,833,326
Local Grants and Other Local Sources	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	7,574,976
Total Taxes and Miscellaneous Sources	329,777,191	433,554,004	466,505,949	588,588,893	692,961,065	694,558,525	611,308,886	535,415,637	482,675,231	460,126,511
Total Revenues	504,621,139	643,434,026	678,709,137	802,073,981	1,009,061,117	979,691,741	853,594,833	822,920,772	829,472,430	762,460,665

Expenditures										
Instruction	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	418,281,865
Pupil Personnel Services	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	25,036,041
Instructional Media Services	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	5,073,542
Instruction & Curriculum Development Services	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	11,693,445
Instructional Staff Training Services	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	10,415,053
Instruction Related Technology	-	-	-	3,565,431	3,895,081	4,333,682	4,557,907	4,547,890	4,663,130	5,694,277
Board	593,974	658,242	680,046	736,654	888,663	945,379	879,726	781,919	793,839	832,635
General Administration	4,267,474	4,052,416	4,548,490	4,094,353	4,525,851	4,702,827	4,009,500	4,233,091	4,869,615	4,846,909
School Administration	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	40,590,505
Facilities Services	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	47,008,796
Fiscal Services	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	3,291,652
Food Service	19,067,899	22,174,637	24,620,487	27,036,052	30,150,633	29,819,922	27,258,408	26,979,027	29,239,256	31,095,080
Central Services	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	8,353,079
Pupil Transportation Services	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	47,114,585
Operation of Plant	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	63,523,851
Maintenance of Plant	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	14,260,930
Administrative Technology Services	-	-	-	3,469,726	3,717,669	3,899,495	4,476,119	4,623,126	5,294,441	5,318,278
Community Services	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	4,039,122
Capital Outlay										
Facilities Acquisition & Construction	50,027,780	151,981,091	223,642,359	220,832,552	277,280,326	195,721,540	133,685,326	87,643,545	4,534,128	57,570,549
Other Capital Outlay	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	8,394,998
Debt Service										
Principal	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	22,778,439
Interest and Fiscal Charges	13,249,864	18,148,605	23,009,991	24,867,240	27,248,784	26,310,451	25,501,216	23,406,338	22,549,742	20,467,619
Total Expenditures	488,546,482	663,860,746	827,916,094	850,337,486	1,005,852,699	969,442,082	960,028,321	844,372,698	832,866,342	855,681,250
Excess of Revenues										
Over (under) Expenditures	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)	(93,220,585)
Other Financing Sources (Uses)										
Bonds Issued	19,910,000	1,390,000	1,805,000	-	-	-	-	-	-	-
Issuance of Refunding Bonds	-	22,660,000	-	14,360,000	-	-	-	1,285,000	310,000	795,000
Premium on Refunding Bonds	6,242	-	-	1,397,799	-	-	-	1,926,424	50,206	122,041
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	165,255,000
Premium on Certificates of Participation	140,778	6,143,928	2,687,060	1,156,875	-	-	-	-	-	14,774,075
Loss Recoveries	-	-	7,258,762	821,753	895,542	351,198	250,934	330,126	454,093	747,891
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	71,440,656
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)	(181,793,829)
Transfer Out	-	-	(58,945,507)	(58,029,450)	(58,690,081)	(64,038,245)	(72,505,380)	(75,685,066)	(93,557,964)	(71,440,656)
Total Other Financing Sources (Uses)	84,375,114	215,204,579	120,319,019	96,822,656	4,447,154	860,554	66,557,481	360,664	27,556,867	(99,822)
Net Change in Fund Balances	\$ 100,449,771	\$ 194,777,859	\$ (28,887,938)	\$ 48,559,151	\$ 7,655,572	\$ 11,110,213	\$ (39,876,007)	\$ (21,091,262)	\$ 24,162,955	\$ (93,320,407)
Debt Service as a percentage of noncapital expenditures										
	6.8%	7.1%	7.2%	7.6%	6.6%	6.3%	13.0%	6.2%	6.2%	5.5%
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 ¹
	Residential	Commercial	Other						
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%
2012	41,682,602	7,543,635	588,772	3,450,443	14,089,660	39,175,792	7.85	68,116,399	78.20%

Source: Lee County Tax Collector

¹ Includes tax-exempt property

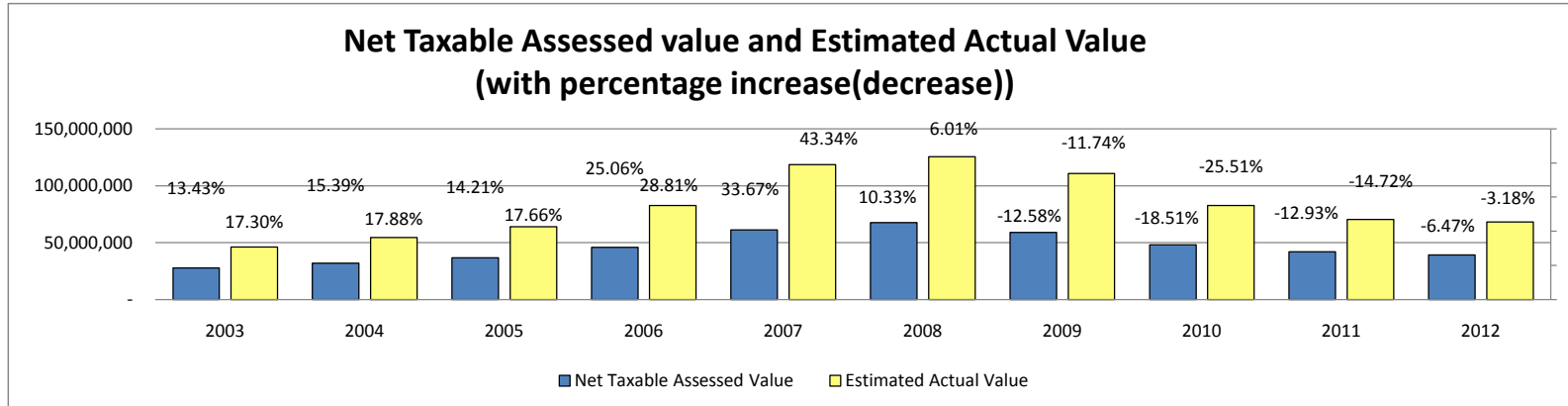


Table 6

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Lee County										
General Revenue	4.328	4.328	4.334	4.007	3.595	3.720	3.720	3.720	3.720	3.720
Capital Improvements	1.012	1.012	1.012	1.012	0.954	0.500	0.500	0.500	0.500	0.000
Total Lee County Millage	5.340	5.340	5.346	5.019	4.549	4.220	4.220	4.220	4.220	3.720
School District	8.563	8.346	8.065	7.882	7.012	6.960	6.868	7.508	8.015	7.854
Municipalities										
Cape Coral	6.375	6.105	5.760	5.391	4.941	4.833	4.833	7.970	7.970	7.957
Sanibel	2.219	2.116	2.790	2.802	2.898	2.578	2.611	2.615	2.591	2.526
Fort Myers	7.782	7.782	7.210	7.210	6.800	6.256	7.163	7.400	8.400	8.400
Fort Myers Beach	1.040	1.000	0.850	0.750	0.610	0.605	0.709	0.819	0.914	0.814
Bonita Springs	1.089	0.998	0.998	0.998	0.792	0.724	0.827	0.827	0.827	0.827
Total Municipalities Millage	18.505	18.001	17.608	17.151	16.041	14.996	16.143	19.631	20.702	20.524
Lee County Special Districts										
Lee County Hyacinth Control	0.033	0.030	0.030	0.030	0.022	0.021	0.021	0.028	0.310	0.310
Lee County Mosquito Control	0.329	0.298	0.272	0.225	0.170	0.164	0.164	0.213	0.239	0.239
South Fl. Water Management Dist.	0.697	0.697	0.697	0.697	0.697	0.624	0.624	0.624	0.624	0.436
West Coast Inland Waterway	0.040	0.040	0.040	0.040	0.040	0.039	0.039	0.039	0.039	0.039
MSTU (Unincorporated)	1.211	1.211	1.211	1.003	0.930	0.840	0.840	0.840	0.840	0.840
Lee County Library	0.963	0.963	0.947	1.077	1.300	1.241	1.179	1.258	1.312	1.229
Total Special Districts Millage	3.273	3.239	3.197	3.072	3.159	2.929	2.867	3.002	3.364	3.093
Other Special Districts ¹	.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	.010-4.000
Total Direct and Overlapping Rates ²	35.681	34.927	34.215	33.124	30.761	29.105	30.097	34.361	36.301	35.191

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

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

Source: Lee County Property Appraiser

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

Name	2012			2003		
	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%	\$ 432,095,440	1	0.860%
Embarq Florida, Inc	402,773,898	2	0.723%	334,063,640	2	0.665%
Lee County Electric Coop	384,292,000	3	0.690%	195,156,980	3	0.388%
Comcast	175,816,012	4	0.315%			
Coconut Point Developers, LLC	125,817,912	5	0.226%			
Christian & Missionary Alliance, Inc.	100,264,090	6	0.180%	107,773,120	4	0.214%
Gulf Coast Town Center CMBS	98,010,131	7	0.176%			
Miromar Outlet west LLC	79,021,362	8	0.142%	49,152,210	9	0.098%
Edison Mall Business Trust	76,938,417	9	0.138%	86,709,290	5	0.172%
AT & T Communications	76,001,787	10	0.136%	57,834,260	6	0.115%
Long Bay Partners LLC				52,756,780	7	0.105%
Marry Land & Investment Co., Inc				51,917,380	8	0.103%
Centex Homes				42,432,240	10	0.090%
	<u>\$ 2,367,975,923</u>		<u>4.250%</u>	<u>\$ 1,409,891,340</u>		<u>2.810%</u>

Source: Lee County Property Appraiser

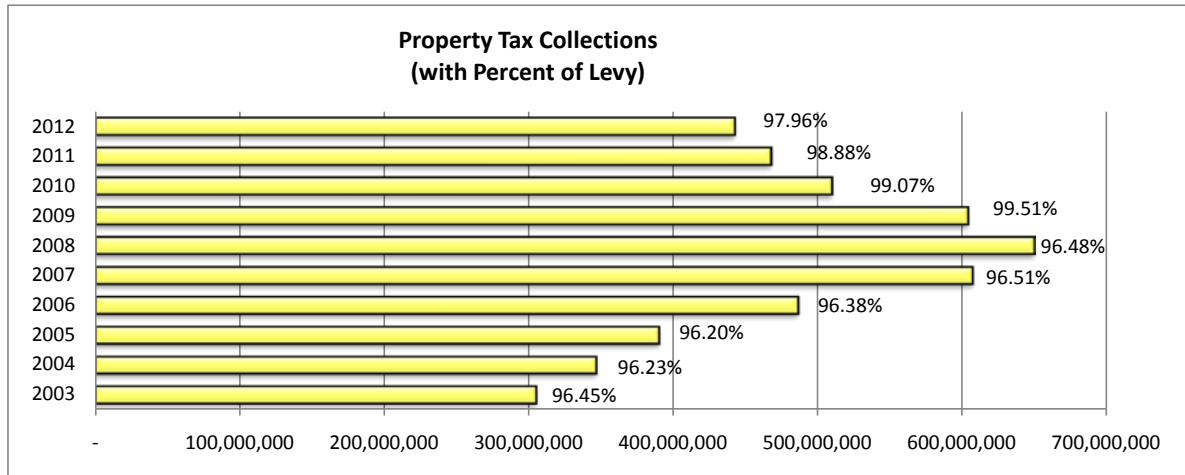
Table 8

**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
2003	316,310,119	303,596,908	95.98%	1,475,597	305,072,505	96.45%
2004	360,094,111	345,873,754	96.05%	638,455	346,512,209	96.23%
2005	405,400,523	389,510,642	96.08%	478,752	389,989,394	96.20%
2006	504,308,781	485,410,803	96.25%	663,045	486,073,848	96.38%
2007	628,825,980	605,730,088	96.33%	1,120,234	606,850,322	96.51%
2008	673,008,222	644,484,413	95.76%	4,804,095	649,288,508	96.48%
2009	606,574,530	599,212,175	98.79%	4,363,907	603,576,082	99.51%
2010	514,468,676	506,573,323	98.47%	3,092,391	509,665,714	99.07%
2011	472,729,944	465,862,569	98.55%	1,570,052	467,432,621	98.88%
2012	451,523,332	442,322,541	97.96%	-	442,322,541	97.96%

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

Source: Lee County Tax Collector



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

Other Governmental Activities Debt								
Fiscal Year	Special Revenue Bonds	State Board of Education Bonds ¹	Certificates of Participation ¹	Section 1011.14 Loans	Total Primary Government	Percentage of Actual Taxable Value of Property ²	Percentage of Personal Income ³	Per Capita ³
2003	\$ 410,000	\$ 22,710,000	\$ 233,620,000	\$ 9,000,000	\$ 265,740,000	0.96%	1.84%	534.66
2004	210,000	23,030,000	429,045,000	6,000,000	458,285,000	1.43%	2.93%	879.20
2005	-	23,655,000	521,340,000	3,000,000	547,995,000	1.50%	3.21%	1,020.13
2006	-	21,805,000	596,000,000	-	617,805,000	1.35%	3.39%	1,076.53
2007	-	20,500,000	574,230,000	3,568,840	598,298,840	0.98%	2.50%	971.27
2008	-	19,135,000	552,125,000	3,343,042	574,603,042	0.85%	2.24%	909.57
2009	-	17,730,000	528,220,000	9,337,009	555,287,009	0.94%	2.25%	902.72
2010	-	16,120,000	502,595,000	8,567,563	527,282,563	1.10%	2.29%	846.50
2011	-	14,560,000	505,866,000	7,766,959	528,192,959	1.26%	2.18%	844.69
2012	-	12,885,000	481,016,000	6,908,520	500,809,520	1.28%	1.96%	793.26

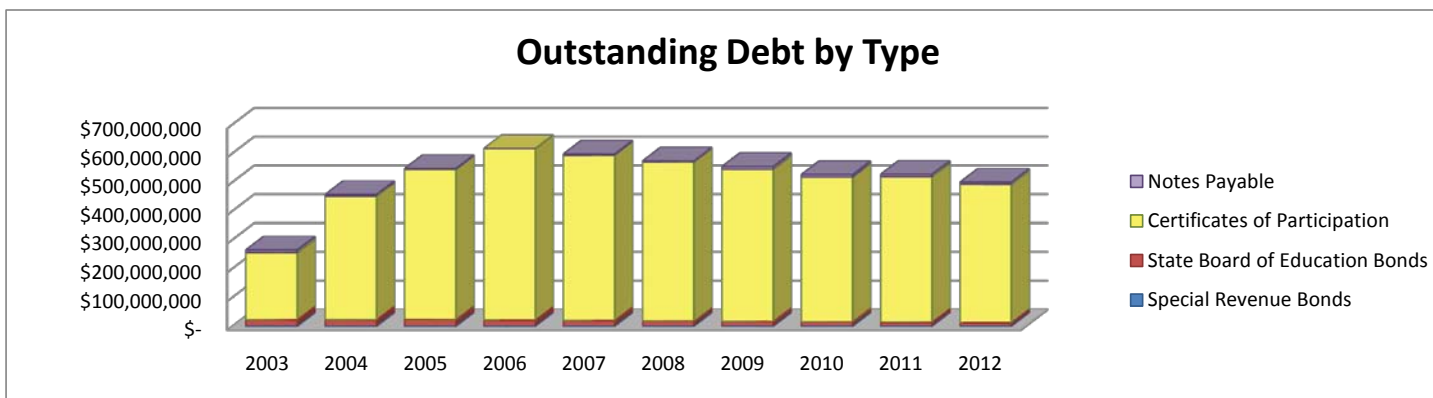
Note: Details regarding the district's outstanding debt can be found in the notes to the basic financial statements.

¹ The district refinanced \$169.8 million of Certificates of Participation and \$.9 million in State Board of Education Bonds during 2012.

² See Table 5 for property value data.

³ Population and personal income data can be found in Table 13.

Source: District Records



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

	<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>	<u>June 30, 2012</u>
Limit of bonded indebtedness, 10% of net assessed value of taxable property	\$ 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	\$ 3,917,579,200
Total bonded debt	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	12,885,000
Less amount available in Debt Service Funds	<u>1,134,317</u>	<u>578,248</u>	<u>586,392</u>	<u>580,837</u>	<u>550,407</u>	<u>523,435</u>	<u>473,143</u>	<u>438,473</u>	<u>401,473</u>	<u>363,704</u>
Total amount applicable to debt limit	<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>	<u>12,521,296</u>
Legal debt margin on bonded debt	<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>	<u>\$ 3,905,057,904</u>
Legal debt margin on bonded debt as a percentage of bonded debt limit	<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>	<u>99.68%</u>

Source: District Records

THE SCHOOL DISTRICT OF LEE COUNTY
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of June 30, 2012
(UNAUDITED)

FINANCIAL PARAMETERS

Direct debt:	
State Board of Education Bonds ⁽¹⁾	\$ 12,885,000
Section 1011.14 Loans	6,908,520
Certificates of Participation	<u>481,016,000</u>
Total Direct Debt	500,809,520
Overlapping debt ⁽²⁾	
Lee County ⁽³⁾	<u>261,927,505</u>
Total Direct and Overlapping debt	<u><u>\$ 762,737,025</u></u>
Population	631,330
Assessed property valuation (in thousands)	\$ 68,116,399
Net Assessed taxable property valuation (in thousands)	\$ 39,175,792

DEBT RATIOS

Percent of assessed property valuation	
Direct debt	0.74%
Overlapping debt	0.38%
Direct and overlapping debt	1.12%
Percent of assessed taxable property valuation	
Direct debt	1.28%
Overlapping debt	0.67%
Direct and overlapping debt	1.95%
Per Capita	
Direct debt	\$ 793
Overlapping debt	\$ 415
Direct and overlapping debt	\$ 1,208

(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, 2012

(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 ¹	Principal	Interest	Coverage	Motor Vehicle Tax ¹	Principal	Interest	Coverage
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
2012	-	-	-	-	2,251,424	1,585,000	702,626	0.98

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

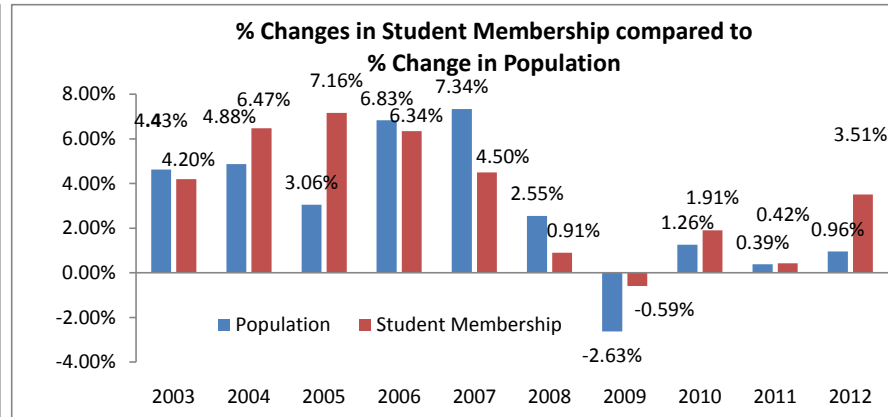
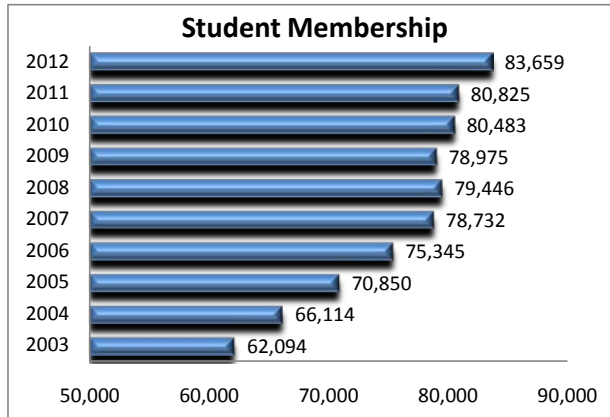
Note 2: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

Source: District Records

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

Fiscal Year	Estimated Population¹	Personal Income (thousands of dollars)¹	Per Capita Personal Income⁴	Median Age⁴	Average Daily School Membership (K through Grade 12)³	Unemployment Rate %²
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%
2012	631,330	25,496,678	29,445	45.7	83,659	9.3%

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



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

Name	2012			2003		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Lee Memorial Health System	10,249	1	3.63%	4,526	2	2.08%
Lee County School Board	9,394	2	3.32%	8,558	1	3.94%
Publix Super Markets	4,362	3	1.54%	2,365	4	1.09%
Lee County Government	2,538	4	0.90%	2,047	5	0.94%
Wal-Mart Stores, Inc.	1,967	5	0.70%	2,518	3	1.16%
Lee County Sheriff's Office	1,585	6	0.56%	-	-	0.00%
U.S Postal Service	1,291	7	0.46%	1,137	10	0.52%
Chico's FAS, Inc	1,253	8	0.44%	-	-	0.00%
City of Cape Coral	1,197	9	0.42%	1,198	9	0.55%
Target	1,100	10	0.39%	-	-	0.00%
SWFL Regional Medical Center	-		0.00%	1,500	6	0.69%
Interstate Hotels & Resorts	-		0.00%	1,413	7	0.65%
Bonita Bay Group	-		0.00%	1,400	8	0.64%
Total	34,936		12.36%	26,662		12.28%

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

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

Fiscal Year	(A) Full-time Instructional	(B) Full-time Administrative	(C) Full-time Support Services	Total
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
2012	5,108	325	3,447	8,880

- (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

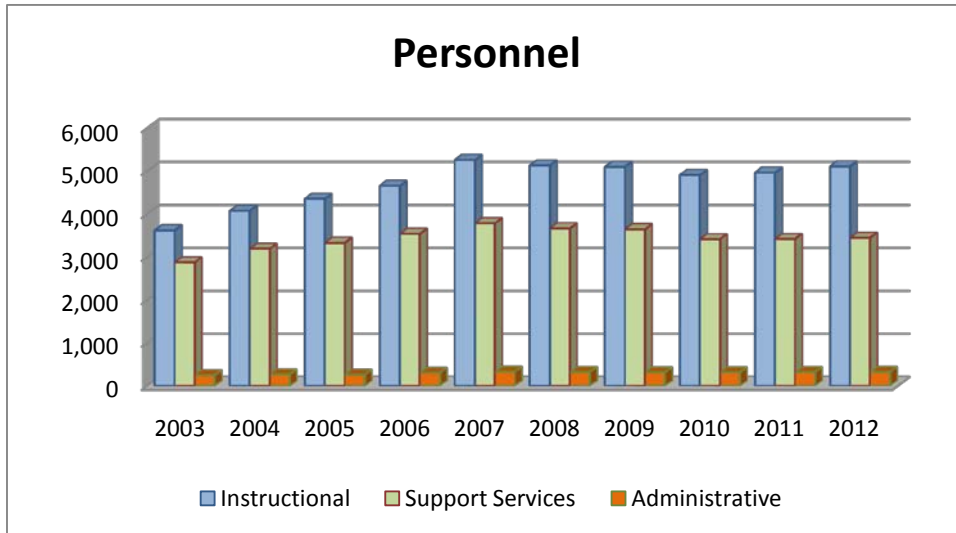
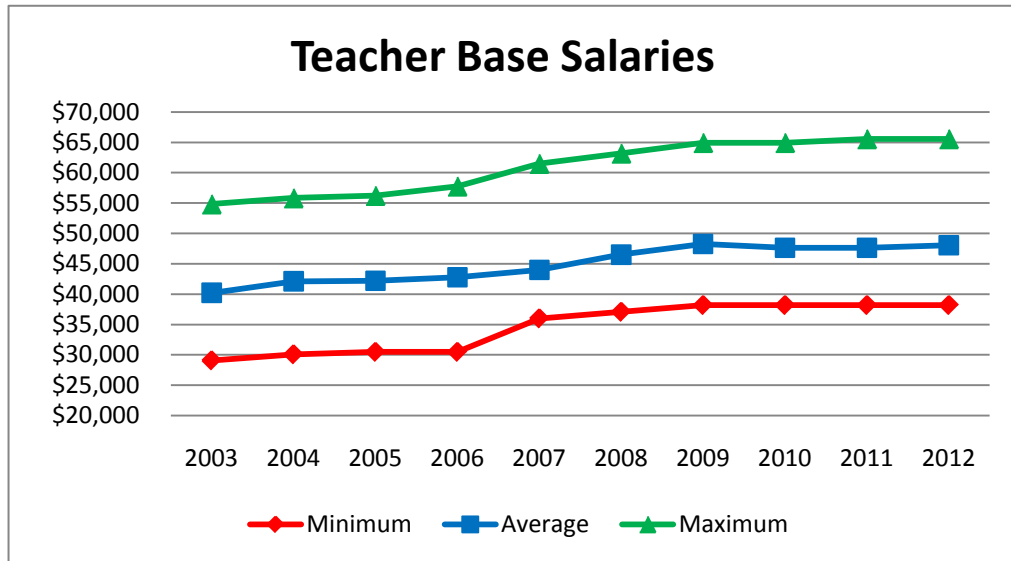


Table 16

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

Fiscal Year	Minimum Salary	Maximum Salary	Average Salary
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
2012	38,192	65,563	48,056

Source: District Records



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

Fiscal Year	Expenditures	Enrollment	Cost per Student	Percentage Change	Instructional Personnel	Ratio of Students to Instructional Personnel	School Attendance Percentage
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%
2012	855,681,250	83,659	10,228	-0.74%	5,108	16.38	93.92%

Source: District Records

Table 18

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

	<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>	<u>June 30, 2012</u>
Days Meals were Served	180	180	174	175	180	180	180	180	180	180
Average Number of Free and Reduced Meals Served Daily	29,649	31,165	35,267	35,041	36,134	40,188	44,936	51,626	57,503	59,417
Number of Free and Reduced Meals Served	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	10,695,067
Average Daily Subsidy Received	\$ 60,229	\$ 64,950	\$ 75,563	\$ 77,581	\$ 82,948	\$ 107,233	\$ 116,196	\$ 132,221	\$ 148,255	\$ 156,203
Total Subsidy Received	\$ 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	\$ 28,116,617
Average Number of Meals Served Daily	42,422	45,451	50,139	53,458	56,854	57,903	58,527	62,589	70,205	71,237
Number of Full Paid Meals Served	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	2,127,621
Average Daily Revenues	\$ 115,669	\$ 126,677	\$ 141,253	\$ 144,616	\$ 156,900	\$ 168,783	\$ 165,280	\$ 176,881	\$ 187,805	\$ 196,119
Total Revenues	\$ 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	\$ 35,301,408
Average Daily Costs	\$ 108,876	\$ 129,467	\$ 149,239	\$ 159,031	\$ 170,248	\$ 165,969	\$ 151,613	\$ 150,316	\$ 162,882	\$ 180,511
Total Costs	\$ 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	\$ 32,491,974

Source: District Records

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

	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	June 30, 2012
Elementary Schools										
Allen Park ES (1957)										
Square Feet	83,390	83,390	83,390	108,181	108,181	112,165	112,165	112,662	123,105	129,052
Capacity (students)	755	719	683	732	1,061	1,056	1,056	1,028	1,028	1,028
Enrollment	854	857	936	904	882	889	900	932	940	954
Alva ES (1886)										
Square Feet	46,524	46,524	46,524	46,524	46,524	47,774	47,774	47,774	53,572	56,092
Capacity (students)	367	281	267	321	303	391	391	391	391	391
Enrollment	415	423	480	482	485	441	409	394	381	382
Bayshore ES (1966)										
Square Feet	56,931	56,931	56,931	82,271	82,271	85,873	85,873	85,873	86,380	87,182
Capacity (students)	355	355	337	359	693	693	693	693	693	693
Enrollment	577	593	653	620	641	615	552	583	590	620
Bonita Springs ES (1916)										
Square Feet	47,480	47,480	47,480	51,746	51,746	51,746	51,746	53,595	50,352	50,352
Capacity (students)	323	395	375	401	389	405	405	396	396	396
Enrollment	400	364	384	410	430	434	434	470	436	448
Caloosa ES (2000)										
Square Feet	110,310	110,310	110,310	135,538	136,458	141,632	141,632	141,632	143,029	133,604
Capacity (students)	738	738	701	741	1,075	1,075	1,075	1,085	1,085	1,085
Enrollment	1,056	1,021	1,090	990	1,014	1,061	1,017	981	939	940
Cape Coral ES (1963)										
Square Feet	89,769	89,769	89,769	76,540	101,435	114,054	114,054	114,054	113,774	112,871
Capacity (students)	713	713	677	723	878	916	898	898	898	898
Enrollment	996	957	973	912	878	800	752	769	739	713
Colonial ES (1978)										
Square Feet	89,226	89,226	89,226	108,334	108,334	109,524	109,524	109,524	114,769	114,769
Capacity (students)	693	693	658	79	965	965	965	922	922	922
Enrollment	787	808	791	761	804	755	695	774	799	743
Diplomat ES (1991)										
Square Feet	91,185	91,185	91,185	116,525	116,525	117,267	117,267	117,267	119,233	119,533
Capacity (students)	693	698	663	762	1,086	1,086	1,086	1,086	1,086	1,086
Enrollment	986	902	1,002	927	930	936	939	906	902	913
Edgewood Renaissance (1924)										
Square Feet	92,356	92,356	92,356	92,356	92,356	105,524	105,524	105,524	110,849	113,208
Capacity (students)	671	641	609	741	741	741	741	741	741	741
Enrollment	864	824	724	749	729	471	434	432	481	553
Edison Park ES (1926)										
Square Feet	70,956	70,956	70,956	70,956	70,956	70,956	70,956	70,956	74,381	72,843
Capacity (students)	481	481	457	449	449	449	449	457	455	455
Enrollment	551	535	468	418	366	381	387	383	365	360
Franklin Park ES (1954)										
Square Feet	82,723	82,723	82,723	82,723	82,723	94,148	94,148	94,148	93,245	89,228
Capacity (students)	580	566	538	579	579	579	579	579	579	579
Enrollment	578	590	623	574	542	527	506	499	479	505
Ft Myers Beach ES (1938)										
Square Feet	27,020	27,020	27,020	27,020	27,020	27,020	27,020	27,723	30,278	30,634
Capacity (students)	200	200	190	200	200	200	200	221	220	220
Enrollment	200	197	209	194	194	174	150	143	134	148

(Continue)

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

	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	June 30, 2012
Elementary Schools										
G. Weaver Hipps ES (2009)										
Square Feet	-	-	-	-	-	-	106,076	106,076	106,711	106,693
Capacity (students)	-	-	-	-	-	-	-	758	758	758
Enrollment	-	-	-	-	-	-	-	581	619	717
Gateway ES (1991)										
Square Feet	111,893	111,893	111,893	111,893	111,893	111,466	111,466	111,466	113,567	114,113
Capacity (students)	750	750	713	758	758	758	758	758	758	736
Enrollment	1,017	1,002	1,007	968	946	771	747	694	679	675
Gulf Elementary (1982)										
Square Feet	94,690	94,690	94,690	156,247	156,247	156,012	156,012	156,012	162,360	158,586
Capacity (students)	732	724	1,225	1,294	1,396	1,396	1,347	1,347	1,293	1,275
Enrollment	1,062	1,319	1,567	1,475	1,357	1,266	1,207	1,159	1,175	1,104
Hancock Creek ES (1992)										
Square Feet	118,197	118,197	118,197	143,537	143,537	145,890	145,890	145,890	146,342	145,802
Capacity (students)	712	712	676	720	1,044	1,044	1,044	1,044	1,044	1,044
Enrollment	1,000	971	1,004	958	953	903	883	874	883	878
Harns Marsh Elementary (2005)										
Square Feet	-	-	-	116,612	122,125	120,419	120,419	120,419	122,700	124,793
Capacity (students)	-	-	-	963	930	916	912	912	912	912
Enrollment	-	-	-	936	956	871	914	932	925	927
Hector Caferata Jr. Elementary (2006)										
Square Feet	-	-	-	69,380	69,380	71,199	71,199	71,199	74,726	74,927
Capacity (students)	-	-	-	883	883	883	883	883	883	883
Enrollment	-	-	-	694	758	739	736	717	757	752
Heights ES (1963)										
Square Feet	75,704	75,704	75,704	75,704	75,384	154,099	154,099	154,099	158,152	158,152
Capacity (students)	677	677	634	695	695	695	1,306	1,306	1,306	1,306
Enrollment	806	840	839	754	643	639	826	889	961	988
J. Colin English ES (1929)										
Square Feet	91,658	91,658	91,658	91,658	91,658	96,778	96,778	96,778	98,734	98,193
Capacity (students)	589	589	560	589	597	597	601	601	601	601
Enrollment	798	773	848	734	626	459	386	310	364	393
James Stephens Int'l Academy (K-8) (1958) c										
Square Feet	-	-	-	-	-	-	-	168,406	171,775	175,579
Capacity (students)	-	-	-	-	-	-	-	1,077	1,073	1,095
Enrollment	-	-	-	-	-	-	-	664	870	777
Lehigh ES (1958)										
Square Feet	79,533	79,533	79,533	79,533	79,533	79,533	149,735	149,735	149,855	146,199
Capacity (students)	688	688	654	764	764	764	758	1,056	1,056	1,056
Enrollment	985	937	929	1,006	1,024	890	802	834	875	1,021
Littleton ES (1991)										
Square Feet	108,424	108,424	108,424	108,424	108,424	118,279	118,279	118,279	120,545	120,545
Capacity (students)	730	730	694	738	738	738	738	738	738	738
Enrollment	944	995	982	881	772	701	621	593	538	531
Manatee ES (2008)										
Square Feet	-	-	-	-	-	127,358	127,358	127,358	128,642	128,557
Capacity (students)	-	-	-	-	-	1,070	1,042	1,042	1,042	1,042
Enrollment	-	-	-	-	-	785	757	781	952	922

(Continue)

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

	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	June 30, 2012
Elementary Schools										
Michigan Montessori (K-8) (1964) ^c										
Square Feet	83,627	83,627	83,627	83,627	83,627	83,627	83,627	83,627	-	-
Capacity (students)	624	624	658	618	737	663	663	-	-	-
Enrollment	722	703	639	646	694	527	475	-	-	-
Mirror Lakes ES (1998)										
Square Feet	99,954	99,954	99,954	131,223	131,223	133,702	133,702	133,702	141,301	143,470
Capacity (students)	601	623	592	619	1,061	1,061	1,061	1,061	1,061	1,061
Enrollment	856	826	843	957	1,105	1,078	1,070	983	1,059	1,123
North Ft Myers Academy (K-8) (1973)										
Square Feet	193,071	193,071	193,071	197,630	197,630	205,425	205,425	205,425	232,632	200,855
Capacity (students)	831	831	878	1,459	1,509	1,358	1,315	1,417	1,409	1,409
Enrollment	1,113	1,364	1,403	1,258	1,255	993	1,016	1,005	1,012	992
Orange River ES (1957)										
Square Feet	75,305	75,305	75,305	93,586	93,586	97,883	97,883	97,883	98,124	100,794
Capacity (students)	622	600	570	619	817	817	817	817	817	817
Enrollment	855	807	812	834	875	850	790	795	807	830
Orangewood ES (1954)										
Square Feet	86,249	86,249	86,249	86,249	86,249	86,249	86,249	87,104	90,199	91,612
Capacity (students)	644	634	602	637	637	637	637	614	614	614
Enrollment	778	810	846	807	719	720	724	704	608	597
Patriot ES (2008)										
Square Feet	-	-	-	-	-	125,295	125,295	125,295	126,217	125,887
Capacity (students)	-	-	-	-	-	1,070	1,046	1,046	1,046	1,042
Enrollment	-	-	-	-	-	767	757	744	743	695
Pelican ES (1978)										
Square Feet	90,047	90,047	90,047	140,290	143,026	154,885	154,885	154,885	151,841	151,740
Capacity (students)	689	689	655	694	1,342	1,362	1,352	1,362	1,362	1,388
Enrollment	1,073	985	997	992	1,187	1,107	1,134	1,063	1,017	975
Pine Island ES (1955)										
Square Feet	54,379	54,379	54,379	54,379	54,379	54,391	54,391	54,391	54,635	54,153
Capacity (students)	372	372	353	391	391	391	391	391	391	391
Enrollment	473	581	474	413	356	318	302	294	284	246
Pinewoods ES (1992)										
Square Feet	107,408	107,408	107,408	132,170	132,170	126,864	126,864	127,328	145,979	145,752
Capacity (students)	718	712	676	720	1,044	1,044	1,044	1,060	1,060	1,060
Enrollment	982	956	993	917	952	969	954	904	898	931
Ray V. Pottorf Elementary (2005)										
Square Feet	-	-	-	116,566	122,162	121,475	121,453	121,453	122,936	124,900
Capacity (students)	-	-	-	963	930	912	882	864	864	864
Enrollment	-	-	-	664	679	644	602	616	642	643
Rayma Page Elementary (2004)										
Square Feet	-	-	-	112,365	122,162	113,591	118,093	117,936	119,637	119,637
Capacity (students)	-	-	-	856	836	836	846	846	846	846
Enrollment	-	-	-	563	663	642	647	720	736	777
River Hall Elementary (2006)										
Square Feet	-	-	-	-	118,394	124,040	124,040	124,040	124,525	124,525
Capacity (students)	-	-	-	-	1,076	1,046	1,046	1,046	1,046	1,046
Enrollment	-	-	-	-	841	867	903	915	942	915

(Continue)

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

	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	June 30, 2012
Elementary Schools										
San Carlos Park ES (1978)										
Square Feet	89,614	89,614	89,614	114,496	114,496	120,186	120,186	120,186	118,053	120,672
Capacity (students)	724	724	688	747	1,081	1,081	1,062	1,026	1,026	1,026
Enrollment	957	991	986	865	863	864	858	827	845	859
Skyline ES (1987)										
Square Feet	87,295	87,295	87,295	136,686	136,686	142,322	142,322	142,322	145,678	145,961
Capacity (students)	678	678	644	692	1,350	1,380	1,380	1,380	1,380	1,412
Enrollment	1,024	943	983	969	1,143	1,064	1,012	966	881	838
Spring Creek ES (1981)										
Square Feet	90,737	90,737	90,737	90,737	90,737	98,328	98,328	98,328	99,049	95,575
Capacity (students)	715	715	679	753	753	753	753	753	753	735
Enrollment	944	902	788	812	787	745	694	706	713	710
Sunshine ES (1986)										
Square Feet	90,997	90,997	90,997	122,267	122,078	126,484	126,484	126,484	128,990	129,061
Capacity (students)	687	687	653	777	1,209	1,191	1,191	1,191	1,191	1,108
Enrollment	1,021	1,016	1,016	1,066	1,135	1,148	1,132	1,118	1,133	1,143
Tanglewood Riverside ES (1970)										
Square Feet	76,598	76,598	76,598	94,870	94,870	94,870	98,639	98,639	107,392	108,195
Capacity (students)	544	510	491	561	789	793	773	786	786	786
Enrollment	687	715	750	712	710	722	710	751	712	714
The Sanibel School (K-8) (1962)										
Square Feet	55,241	55,241	55,241	55,777	55,777	73,577	73,577	73,577	70,792	80,981
Capacity (students)	458	405	428	418	395	395	395	439	439	423
Enrollment	439	425	420	402	386	367	372	368	337	342
Three Oaks ES (1987)										
Square Feet	86,694	86,694	86,694	86,694	86,694	91,616	91,616	91,616	92,483	93,886
Capacity (students)	678	678	644	738	738	738	738	731	731	731
Enrollment	1,012	968	1,024	952	865	776	762	745	808	798
Tice ES (1927)										
Square Feet	70,443	70,443	70,443	70,443	70,443	70,443	70,443	70,443	70,247	69,451
Capacity (students)	626	626	595	587	587	587	587	587	587	587
Enrollment	703	662	698	710	685	578	554	495	480	451
Tortuga Preserve ES (2012)										
Square Feet	-	-	-	-	-	-	-	-	-	129,114
Capacity (students)	-	-	-	-	-	-	-	-	-	1,050
Enrollment	-	-	-	-	-	-	-	-	-	-
Trafalgar ES (2004)										
Square Feet	-	69,608	69,608	86,988	86,988	91,577	91,577	91,577	92,367	92,377
Capacity (students)	-	315	523	959	977	977	1,036	1,036	998	998
Enrollment	-	310	579	897	894	873	828	817	844	844
Treeline ES (2008)										
Square Feet	-	-	-	-	-	101,574	125,155	125,155	128,983	129,597
Capacity (students)	-	-	-	-	-	758	1,029	1,029	1,029	1,029
Enrollment	-	-	-	-	-	672	896	872	914	952
Tropic Isles ES (1959)										
Square Feet	85,250	85,250	85,250	110,590	110,590	110,590	110,590	110,590	109,921	117,098
Capacity (students)	712	712	676	727	1,051	1,051	1,051	1,051	1,051	1,051
Enrollment	1,032	1,026	1,089	1,101	1,047	936	875	931	933	972

(Continue)

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

	<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>	<u>June 30, 2012</u>
Elementary Schools										
Veterans Park Academy K-8 (2004)										
Square Feet	-	152,716	152,716	196,574	196,574	196,821	196,821	196,821	202,802	247,972
Capacity (students)	-	-	1,145	1,734	1,767	1,767	1,768	1,964	1,967	1,945
Enrollment	-	-	857	1,421	1,483	1,547	1,439	1,392	1,448	1,482
Villas ES (1961)										
Square Feet	86,531	86,531	86,531	104,802	104,802	112,453	112,453	112,453	114,894	115,515
Capacity (students)	693	693	658	727	942	943	881	881	881	881
Enrollment	842	867	897	892	885	844	805	784	785	788

(Continue)

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

	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	June 30, 2012
Middle Schools										
Alva MS (1927)										
Square Feet	81,299	81,299	81,299	81,826	81,826	83,208	83,208	83,208	83,882	87,563
Capacity (students)	516	516	544	514	513	514	514	571	556	556
Enrollment	652	653	574	521	524	580	531	562	506	534
Bonita Springs MS (1976)										
Square Feet	120,723	120,723	120,723	120,723	120,723	126,497	126,497	126,497	123,971	129,498
Capacity (students)	824	864	912	876	875	876	888	988	982	990
Enrollment	1,020	941	864	628	576	599	652	625	641	696
Caloosa MS (2000)										
Square Feet	132,060	132,060	132,060	132,060	132,060	132,111	132,111	132,111	136,609	166,253
Capacity (students)	966	977	1,032	1,005	1,005	1,005	1,013	1,126	1,137	1,159
Enrollment	1,274	1,261	1,205	1,126	1,063	886	852	876	886	895
Challenger MS (2008)										
Square Feet	-	-	-	-	-	162,113	162,113	162,113	161,941	161,808
Capacity (students)	-	-	-	-	-	1,257	1,230	1,367	1,366	1,366
Enrollment	-	-	-	-	-	863	970	1,024	1,088	1,083
Cypress Lake MS (1961)										
Square Feet	137,171	137,171	137,171	137,171	137,171	137,171	137,171	137,175	139,611	137,523
Capacity (students)	833	833	880	880	880	880	880	896	941	941
Enrollment	1,213	1,204	1,236	965	822	742	717	715	713	731
Diplomat MS (1999)										
Square Feet	138,827	138,827	138,827	138,827	138,827	139,855	139,855	139,855	146,584	171,107
Capacity (students)	986	973	1,027	974	973	974	974	1,082	1,072	1,094
Enrollment	1,269	1,262	1,239	1,103	1,043	862	818	842	841	841
Ft Myers Middle Academy (1951)										
Square Feet	125,734	125,734	125,734	125,734	125,734	125,734	125,675	125,675	125,676	128,511
Capacity (students)	804	781	825	858	857	858	858	954	952	952
Enrollment	724	749	771	737	694	613	702	536	617	522
Gulf Middle (1981)										
Square Feet	126,599	126,599	126,599	126,599	126,599	129,821	129,821	129,821	131,988	131,834
Capacity (students)	862	905	955	918	1,024	923	943	1,048	1,046	1,024
Enrollment	1,322	1,295	1,274	1,140	1,109	975	838	798	826	778
Harnes Marsh MS (2012)										
Square Feet	-	-	-	-	-	-	-	-	-	163,814
Capacity (students)	-	-	-	-	-	-	-	-	-	1,345
Enrollment	-	-	-	-	-	-	-	-	-	-
Lee MS (1958) ^c										
Square Feet	145,535	145,535	145,535	145,535	145,535	148,002	168,406	-	-	-
Capacity (students)	824	830	876	926	1,029	926	926	-	-	-
Enrollment	812	730	639	614	685	585	472	-	-	-
Lehigh Acres MS (1982)										
Square Feet	126,595	126,595	126,595	126,595	126,595	127,054	127,054	127,054	130,421	130,421
Capacity (students)	983	1,022	1,079	1,057	1,129	1,057	1,058	1,175	1,177	1,177
Enrollment	1,174	1,294	900	942	1,006	1,049	1,012	988	1,034	1,134
Lexington Middle School (2005)										
Square Feet	-	-	160,706	160,706	160,706	175,499	175,499	175,499	169,591	172,672
Capacity (students)	-	-	-	1,045	1,141	1,027	1,031	1,147	1,146	1,146
Enrollment	-	-	-	771	867	828	859	909	899	896

(Continue)

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

	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	June 30, 2012
Middle Schools										
Mariner MS (2004)										
Square Feet	-	102,009	102,009	134,668	134,668	135,183	135,183	135,183	149,247	151,198
Capacity (students)	-	706	706	1,141	1,268	1,141	1,141	1,268	1,270	1,294
Enrollment	-	305	731	1,278	963	910	1,078	942	866	849
Oak Hammock MS (2009)										
Square Feet	-	-	-	-	-	-	153,490	153,490	160,262	160,246
Capacity (students)	-	-	-	-	-	-	1,224	1,360	1,360	1,360
Enrollment	-	-	-	-	-	-	826	1,165	1,224	1,260
Paul Laurence Dunbar MS (1962)										
Square Feet	163,548	163,548	163,548	163,548	163,548	163,548	163,548	163,548	161,250	157,828
Capacity (students)	985	951	1,004	1,013	1,126	1,013	1,013	1,126	1,124	1,124
Enrollment	1,131	1,157	1,137	972	881	946	837	879	806	848
Three Oaks MS (1991)										
Square Feet	137,880	137,880	137,880	137,880	137,880	144,127	144,127	144,127	145,838	152,119
Capacity (students)	881	881	930	987	987	987	986	1,097	1,096	1,096
Enrollment	1,085	1,052	1,053	862	825	776	771	795	817	851
Trafalgar MS (1989)										
Square Feet	143,128	143,128	143,128	143,128	143,128	143,159	143,159	143,159	141,307	145,346
Capacity (students)	937	950	1,002	1,034	1,034	1,034	1,034	1,092	1,092	1,092
Enrollment	1,484	1,417	1,416	1,323	1,240	1,067	898	819	855	832
Varsity Lakes MS (2004)										
Square Feet	-	118,017	118,017	118,017	150,722	160,893	160,890	160,890	160,998	160,998
Capacity (students)	-	-	981	1,024	1,024	1,024	1,044	1,162	1,209	1,209
Enrollment	-	-	724	884	953	958	841	912	1,000	1,097

(Continue)

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

	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	June 30, 2012
High Schools										
Cape Coral Sr HS (1978)										
Square Feet	262,475	262,475	262,475	262,475	262,475	262,945	263,353	263,353	270,155	272,847
Capacity (students)	1,685	1,758	1,758	1,821	1,821	1,821	1,759	1,855	1,853	1,843
Enrollment	1,995	2,104	2,274	2,031	2,107	1,907	1,699	1,556	1,493	1,444
Cypress Lake Sr HS (1967)										
Square Feet	268,538	268,538	268,538	268,538	276,380	276,380	276,380	276,380	270,449	269,521
Capacity (students)	1,613	1,589	1,589	1,703	1,712	1,727	1,643	1,706	1,700	1,700
Enrollment	1,983	2,009	2,025	1,597	1,423	1,321	1,261	1,532	1,442	1,447
Dunbar HS (2000)										
Square Feet	202,324	202,324	202,324	202,324	202,324	202,802	210,097	210,097	210,611	234,470
Capacity (students)	900	1,229	1,229	1,242	1,176	1,242	1,186	1,249	1,254	1,225
Enrollment	899	1,252	1,055	897	808	814	842	716	737	861
East HS (2006)										
Square Feet	-	-	-	99,628	100,741	313,853	313,853	313,853	318,740	312,333
Capacity (students)	-	-	-	809	1,102	1,938	1,947	2,049	2,057	2,057
Enrollment	-	-	-	377	756	1,417	1,447	1,499	1,530	1,597
Estero Sr HS (1985)										
Square Feet	273,777	273,777	273,777	273,777	273,777	268,042	268,042	267,550	270,953	272,710
Capacity (students)	1,624	1,671	1,671	1,695	1,932	1,695	1,639	1,710	1,704	1,704
Enrollment	1,867	1,943	2,050	1,616	1,534	1,438	1,360	1,424	1,434	1,480
Ft Myers Sr HS (1921)										
Square Feet	244,883	244,883	244,883	244,883	276,931	276,931	276,931	276,928	274,864	264,335
Capacity (students)	1,672	1,679	1,679	1,743	2,067	1,954	1,869	1,960	1,963	1,963
Enrollment	2,035	2,083	2,280	2,024	1,911	1,804	1,645	1,728	1,802	1,790
Ida S. Baker HS (2005)										
Square Feet	-	-	36,480	299,696	299,696	313,582	313,559	313,559	314,162	309,507
Capacity (students)	-	-	570	2,066	2,137	2,030	1,941	1,995	1,991	1,991
Enrollment	-	-	613	1,444	1,914	1,973	1,814	1,832	1,704	1,710
Island Coast HS (2008)										
Square Feet	-	-	-	-	-	42,300	266,259	266,259	264,356	269,599
Capacity (students)	-	-	-	-	-	391	1,968	2,060	2,059	2,059
Enrollment	-	-	-	-	-	391	1,125	1,444	1,517	1,522
Lehigh Sr HS (1994)										
Square Feet	283,299	283,299	283,299	283,299	283,299	286,602	286,602	286,602	308,610	289,278
Capacity (students)	1,709	1,739	1,739	1,864	1,962	1,864	1,733	1,825	1,824	1,824
Enrollment	2,134	2,275	2,068	2,184	1,979	1,529	1,363	1,321	1,414	1,575
Mariner Sr HS (1986)										
Square Feet	253,905	253,905	253,905	253,905	253,905	253,905	253,905	253,905	256,523	258,181
Capacity (students)	1,645	1,740	1,740	1,721	1,812	1,721	1,636	1,724	1,725	1,725
Enrollment	1,998	2,214	2,195	1,925	1,913	1,805	1,559	1,402	1,361	1,436
North Ft Myers Sr HS (1960)										
Square Feet	254,877	254,877	254,877	254,877	254,877	254,877	254,877	254,877	257,992	258,399
Capacity (students)	1,768	1,768	1,768	1,849	1,946	1,849	1,763	1,859	1,858	1,804
Enrollment	1,968	2,213	2,216	1,983	1,972	1,863	1,596	1,512	1,517	1,578
Riverdale High 6-12 (1972)										
Square Feet	223,595	223,595	223,595	238,328	238,328	250,474	250,474	250,474	246,290	250,303
Capacity (students)	1,252	1,559	1,796	1,540	1,944	2,053	1,927	2,028	2,029	2,040
Enrollment	1,684	1,900	1,968	1,452	2,074	1,908	1,501	1,541	1,594	1,758

(Continue)

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

	<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>	<u>June 30, 2012</u>
High Schools										
South HS (2006)										
Square Feet	-	-	-	300,310	300,310	312,519	312,519	312,519	313,589	309,136
Capacity (students)	-	-	-	2,086	2,050	1,926	1,925	2,054	2,057	2,077
Enrollment	-	-	-	939	1,187	1,205	1,358	1,473	1,651	1,676

(Continue)

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

	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	June 30, 2012
Special Schools										
ALC West (2008)										
Square Feet	-	-	-	-	-	22,566	22,566	22,566	22,566	22,566
Capacity (students)	-	-	-	-	-	265	265	265	265	265
Enrollment	-	-	-	-	-	194	175	163	177	141
Buckingham Exceptional Ctr (1984)										
Square Feet	26,383	26,383	26,383	26,383	26,383	27,880	27,880	27,880	28,551	32,552
Capacity (students)	79	79	84	100	100	100	100	100	100	100
Enrollment	93	96	113	111	108	103	110	109	105	99
Ft Myers Sr HS (Edison Ctr) (1921) ^b										
Square Feet	22,786	22,786	22,786	22,786	-	-	-	-	-	-
Capacity (students)	130	130	130	141	-	-	-	-	-	-
Enrollment	154	112	87	44	-	-	-	-	-	-
Lee County High Tech Central (1966)										
Square Feet	181,289	181,289	181,289	181,289	181,289	182,684	182,684	182,684	184,153	184,255
Capacity (students)	834	834	834	695	695	695	648	648	649	654
Enrollment	126	112	119	143	63	74	91	55	62	53
Lee County Public Service Academy (1964) ^d										
Square Feet	-	-	-	-	-	-	-	83,627	85,846	106,068
Capacity (students)	-	-	-	-	-	-	-	737	741	270
Enrollment	-	-	-	-	-	-	-	-	-	-
New Directions School (1993)										
Square Feet	141,483	141,483	141,483	141,483	141,483	141,483	141,483	141,483	147,758	145,027
Capacity (students)	531	531	561	665	665	665	645	615	614	636
Enrollment	1,031	967	868	521	833	608	505	490	462	360
North Vo-Tech (1991)										
Square Feet	61,927	61,927	61,927	61,927	61,927	61,927	61,927	61,927	64,842	64,798
Capacity (students)	391	391	391	334	324	324	324	324	324	324
Enrollment	58	61	57	76	44	67	50	28	28	27
Royal Palm Exceptional (1994)										
Square Feet	59,332	59,332	59,332	59,332	59,332	59,332	59,332	59,332	59,484	60,347
Capacity (students)	189	189	189	230	230	230	230	230	230	230
Enrollment	190	193	207	206	202	196	174	165	173	161

(Continue)

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

	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	June 30, 2012
Ancillary Facilities										
Adams Building (1974) Square Feet	64,320	64,320	64,320	64,320	64,320	64,320	64,320	64,320	64,320	64,320
Dunbar Community (1910) Square Feet	34,783	34,783	34,783	35,237	35,237	22,301	22,301	22,301	21,465	21,153
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	20,395	20,395
Hipps Building (1955) Square Feet	40,222	40,222	40,222	40,222	40,222	40,222	40,222	40,222	39,184	39,184
Maintenance (1972) Square Feet	65,419	65,419	65,419	65,419	65,419	65,419	63,801	63,801	62,762	62,762
New Administrative Complex (1986) ^a Square Feet	-	-	330,000	330,000	298,859	298,859	298,859	298,859	288,475	309,577
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	18,308	18,308	18,308	18,308	18,308	18,417	18,417
Transportation Central (1960) Square Feet	12,456	12,456	12,456	12,456	12,456	28,307	28,307	28,307	28,852	28,909
Transportation East (2004) Square Feet	-	1,500	1,500	6,568	6,568	6,568	6,568	6,568	6,351	9,361
Transportation Leonard (2009) Square Feet	-	-	-	-	-	-	25,124	25,124	25,125	24,699
Transportation North (1995) Square Feet	34,826	34,826	34,826	34,826	34,826	20,492	20,492	20,492	22,602	28,685
Transportation 6 Mile Cypress (2004) Square Feet	-	8,000	8,000	26,965	26,965	26,965	26,965	26,965	25,540	39,729

(Concluded)

Source: District Facilities Office

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

^a New administrative complex was purchased in 2005 but was originally built in 1986.^b Fort Myers Sr HS (Edison Center) is included with Fort Myers Sr HS totals beginning 2007^c Michigan Montessori (K-8) was moved to Lee Middle and renamed James Stephens Int'l Academy beginning 2010.^d This program was housed at Lee County High Tech Central prior to 2011. The program moved to the old Michigan Motessori 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, 2012**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Pass Through Grantor Number</u>	<u>Amount of Expenditures (1)</u>
United States Department Of Agriculture:			
Indirect:			
Child Nutrition Cluster:			
Florida Department of Education:			
School Breakfast Program	10.553	321	\$ 6,445,028
National School Lunch Program	10.555	300	20,047,701
Afterschool Snack Program	10.555	300	222,026
Summer Food Service Program for Children	10.559	323	625,608
Fresh Fruit and Vegetable Program	10.582	300	206,134
Florida Department of Agriculture & Consumer Services:			
Food Distribution	10.555 ⁽²⁾	None	<u>440,176</u>
Total United States Department of Agriculture			<u>27,986,673</u>
United States Department of Commerce			
Direct:			
Congressionally Identified Awards (NOAA)	11.469	NA08SEC4690055	<u>24,770</u>
United States Department of Energy			
Direct:			
Impact Aid		None	<u>20,178</u>
United States Department Of Education:			
Direct:			
Federal Pell Grant Program	84.063	2965/4844	2,046,516
Magnet Schools Assistance	84.165	U165A110046	397,151
Safe and Drug-Free Schools and Communities_National Programs	84.184	Q184E090045	49,997
Fund for the Improvement of Education	84.215	U215F080072,U215X100303	<u>225,884</u>
Total Direct			<u>2,719,548</u>
Indirect:			
Special Education Cluster:			
Florida Department of Education:			
Special Education-Grants To States	84.027	262, 263	18,733,418
Special Education-Preschool Grants	84.173	266, 267	421,159
ARRA- Special Education-Grants To States, Recovery Act	84.391	263	82,210
ARRA- Special Education-Preschool Grants, Recovery Act	84.392	267	<u>170,977</u>
Total Special Education Cluster			<u>19,407,764</u>
Title I, Part A Cluster:			
Florida Department of Education:			
Title I Grants to Local Educational Agencies	84.010	212,222,223,226,228	19,500,396
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	212,223	<u>2,128,688</u>
Total Title I, Part A Cluster			<u>21,629,084</u>
Educational Technology State Grants Cluster:			
Florida Department of Education:			
Education Technology State Grants	84.318	121	(2)
ARRA - Education Technology State Grants, Recovery Act	84.386	121,122	<u>138,027</u>
Total Educational Technology State Grants Cluster			<u>138,025</u>

**LEE COUNTY
DISTRICT SCHOOL BOARD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2012**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Pass Through Grantor Number</u>	<u>Amount of Expenditures (1)</u>
State Fiscal Stabilization Fund Cluster:			
Florida Department of Education			
State Fiscal Stabilization Fund-Government Services, Recovery Act	84.397	592	68,069
Total State Stabilization Fund Cluster			68,069
Florida Department of Education:			
Adult Ed -Basic Grants to States	84.002	191,193	981,374
Migrant Education - State Grant Program	84.011	217	410,155
Career and Technical Education - Basic Grants to States	84.048	161	1,021,226
Education for Homeless Children and Youth	84.196	127	98,967
Charter Schools	84.282	298	583,536
Twenty-First Century Community Learning Centers	84.287	244	75,988
English Language Acquisition Grants	84.365	102	1,349,954
Improving Teacher Quality State Grants	84.367	224,225	3,168,725
Race to the Top - Local Education Agencies Formula Subgrants	84.395	111, 211, 311	2,655,429
Education Jobs Fund	84.410	110	256,595
Total Indirect			10,601,949
Total United States Department of Education			54,564,439
United States Department Of Health & Human Services:			
Direct:			
Head Start	93.600	04CH3269/45&46	6,797,069
ARRA - Head Start, Recovery Act	93.708	04SH3269/02	113,630
ARRA - Early Head Start, Recovery Act	93.709	04SA3269/02	166,800
Total United States Department of Health & Human Services			7,077,499
Corporation For National & Community Service:			
Indirect:			
Florida Department of Education:			
Learn & Serve America - School & Community	94.004	234	672
United States Department Of Defense:			
Direct			
Army Junior Reserve Officers Training Corps		N/A	1,260,711
Total Expenditures of Federal Awards			\$ 90,934,942

Notes:

- (1) Basis of Presentation. The schedule of Expenditures of Federal Awards represents amounts 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 the District's accounting records from which the basic financial statements have been reported.
- (2) Noncash assistance: Food Distribution - Represents the amount of USDA Commodities received during the fiscal year. Donated foods are valued at fair market value as determined at the time of donation

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

Superintendent and Members of the
School District of Lee County
Fort Myers, Florida

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of School District of Lee County, Florida (the "School District"), as of and for the year ended June 30, 2012, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated December 19, 2012. Our report includes 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 all of the financial statements of the aggregate discretely presented component units, as described in our report on the School District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

Management of the School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the School 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 School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over financial reporting.

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

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

Compliance and Other Matters

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

This report is intended solely for the information and use of management, the members of the School District, others within the entity, and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Bradenton, Florida
December 19, 2012

**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**

Superintendent and Members of the
School District of Lee County
Fort Myers, Florida

Compliance

We have audited the School District of Lee County, Florida's compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2012. The School District of Lee County's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of the School District of Lee County's management. Our responsibility is to express an opinion on the School District of Lee County'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 School District of Lee County'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 School District of Lee County's compliance with those requirements.

In our opinion, the School District of Lee County complied, in all material respects, with the compliance requirements referred to above could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of the School District of Lee County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered the School District of Lee County's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program to determine the 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 School District of Lee County'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 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 over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the members of the School District, others within the entity, and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Bradenton, Florida
December 19, 2012

SCHOOL DISTRICT OF LEE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued Unqualified

Internal control over financial reporting:

Material weakness(es) identified? ___ yes X no

Significant deficiency(ies) identified? ___ yes X none reported

Noncompliance material to financial statements noted? ___yes X no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? ___yes X no

Significant deficiency(ies) identified? ___yes X none reported

Type of auditor's report issued on compliance for major programs Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular? ___yes X no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.002	Adult Ed–Basic Grants to States
84.027, 84.173, 84.391A, 84.392A	Special Education Cluster (IDEA)
84.367	Title II, Improving Teacher Quality
84.395	Race to the Top

Dollar threshold used to distinguish between Type A and Type B programs: \$2,728,048

Auditee qualified as low-risk auditee? X yes ___ no

SCHOOL DISTRICT OF LEE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SECTION II
FINANCIAL STATEMENT FINDINGS

None Reported

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None Reported

SCHOOL DISTRICT OF LEE COUNTY
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SECTION IV
STATUS OF PRIOR AUDIT FINDINGS

Federal Award Finding No. 1: Maintenance of Effort–U.S. Department of Education, Special Education (IDEA) Cluster (CFDA Nos. 84.027, 84.173, 84.391(ARRA), and 84.392(ARRA))

Finding: For the fiscal year ended June 30, 2011, the District mistakenly included American Recovery and Reinvestment Act (ARRA) funds in its calculations, which should be excluded to demonstrate compliance. In addition, the District records did not evidence that the District met a qualified exemption from the maintenance of effort requirement. This resulted in a deficiency in maintenance of effort from State and local funds totaling \$514,035, which was subject to disallowance by the grantor.

Status: The District implemented new procedures during the fiscal year ended June 30, 2012, to ensure compliance with maintenance of effort requirements and restored the questioned costs of \$514,035 to the Special Education Cluster. The results of our testing disclosed no instances of noncompliance and thus this finding was not repeated during the current fiscal year.

Federal Award Finding No. 2: Period of Availability–U.S. Department of Education, Special Education Grants to States, Recovery Act (CFDA No. 84.391(ARRA))

Finding: For the fiscal year ended June 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 grant period was from April 20, 2009 to September 30, 2011, resulting in questioned costs of \$394,504.

Status: The District implemented new procedures during the fiscal year ended June 30, 2012, to ensure compliance with period of availability requirements and requested approval for the lease with the Florida Department of Education. The results of our testing disclosed no instances of noncompliance and thus this finding was not repeated during the current fiscal year.

SCHOOL DISTRICT OF LEE COUNTY
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SECTION IV
STATUS OF PRIOR AUDIT FINDINGS

Federal Award Finding No. 3: Reporting–Schedule of Expenditures of Federal Awards (SEFA)–U.S. Department of Education, Special Education (IDEA) 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, Race to the Top Incentive Grants, Recovery Act (CFDA No. 84.395(ARRA))
State Fiscal Stabilization Fund Cluster (CFDA Nos. 84.394 (ARRA) and 84.397(ARRA))
Education Jobs Fund (CFDA No. 84.410)

Finding: For the fiscal year ended June 30, 2011, the District did not properly report certain required data, contrary to *Circular A-133*.

Status: The District implemented new procedures during the fiscal year ended June 30, 2012 to ensure the accuracy of the Schedule of Expenditures of Federal Awards. The results of our testing disclosed no instances of noncompliance and thus this finding was not repeated during the current fiscal year.

AUDITOR'S MANAGEMENT LETTER

School Board and Superintendent
School District of Lee County
Bradenton, Florida

We have audited the financial statements of the School District of Lee County (the "District"), as of and for the fiscal year ended June 30, 2012, and have issued our report thereon dated December 19, 2012. We did not audit the financial statements of the aggregate discretely presented component units. Those financial statements of the aggregate discretely presented component units, were audited by other auditors whose reports have been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based solely on the reports of the other auditors. This letter does not include the results of the other auditors' management letter comments and other matters that are reported on separately by those auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated December 19, 2012, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.800, *Rules of the Auditor General*, which governs the conduct of district school board audits performed in the State of Florida and requires that certain items be addressed in this letter.

Section 10.804(1)(f)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. The status of prior year audit findings and recommendations are reported in the *Summary Schedule of Prior Audit Findings*.

Section 10.804(1)(f)2., Rules of the Auditor General, requires a statement be included as to whether or not the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Section 10.804(1)(f)3., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes regarding the investment of public funds. In connection with our audit, we determined that the District complied with Section 218.415, Florida Statutes.

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

Section 10.804(1)(f)5., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.804(1)(f)6., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statements considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

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

Section 10.804(1)(f)8., Rules of the Auditor General, requires the auditor to state whether or not the district school board complied with transparency requirements. Section 2, Specific Appropriation 115A of Chapter 2010-152, Laws of Florida, provides that district school boards include a link on their Web Sites to the Transparency Florida Web Site. We determined that the District complied with the transparency requirements.

Pursuant to Chapter 119, Florida Statutes, this management letter 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 letter is intended solely for the information and use of the School Board, Audit Committee, management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Bradenton, Florida
December 19, 2012