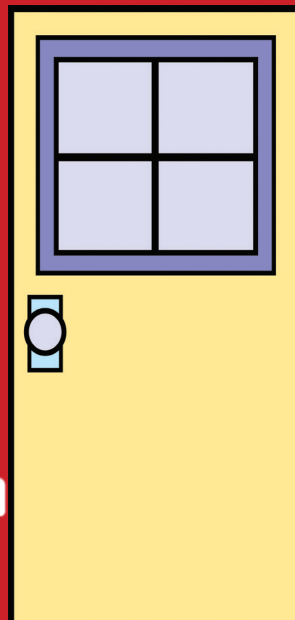


Comprehensive Annual
Financial Report
For the Year Ended June 30, 2016

The School District of Lee County
Fort Myers, Florida



Vision: To be a world-class school system

The School District of Lee County
Fort Myers, Florida

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

**FOR
FISCAL YEAR ENDED
JUNE 30, 2016**

Prepared by:
Financial Accounting Department

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2016**

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INTRODUCTORY SECTION



THE SCHOOL DISTRICT OF LEE COUNTY

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

December 2, 2016

District School Board of Lee County
2855 Colonial Boulevard
Fort Myers, FL 33966-1012

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

MARY FISCHER
CHAIRMAN, DISTRICT 1
JANE E. KUCKEL, PHD
VICE CHAIRMAN, DISTRICT 6
MELISA W. GIOVANNELLI
DISTRICT 2
CHRIS N. PATRICCA
DISTRICT 3
STEVEN K. TEUBER
DISTRICT 4
PAMELA H. LARIVIERE
DISTRICT 5
CATHLEEN O'DANIEL MORGAN
DISTRICT 7
GREGORY K. ADKINS, ED. D.
SUPERINTENDENT
KEITH B. MARTIN, ESQ.
BOARD ATTORNEY

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 principles (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, 2016.

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, Moore Stephens Lovelace, PA conducted the audit for the fiscal year ended June 30, 2016. 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, 2016, 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 unmodified opinion on the District's basic financial statements for the fiscal year ended June 30, 2016. 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 *Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance*. 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, schedule of findings and questioned costs, summary schedule of prior audit findings, and the independent auditor's reports on internal control and on compliance with applicable requirements, are included in the Other Independent Auditor's Reports, Schedules and Other Information 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. State Board of Education, Rule 6A-1.001, Florida Administration Code, 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 2016 is 701,982 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 twenty 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 2015-16 fiscal year, the District operated 97 schools and programs comprised of 49 elementary schools, 16 middle schools, 13 high schools, 19 specialized schools and programs, and reported student enrollment of 91,358. The District does not plan to open any new schools in the 2016-17 fiscal year. In addition, the District sponsored 20 charter schools that are component units of the District and plans to sponsor one additional charter school during the 2016-17 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 3.3 percent. The County's population has increased from 573,885 in 2006 to 701,982 in 2016, an increase of 22.3 percent. This compares to a 7.9 percent increase for Florida overall and a 7.6 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 758,000 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 and has become an attractive location for business expansion. In fact, the 20-54 age group is projected to grow faster than the rest of the State, increasing by up to 9 percent by 2020.

Though Lee County continues to feel the effects of the last five years of economic instability, positive indicators in the economy such as a decreasing unemployment rate, increasing home sales and a rising tax roll are bolstering the economy. Our student population also continues to grow. This year marked the seventh straight year of solid student growth for the District (between 1.5 and 2.5 percent) making the District one of the most consistent and fastest growing District's in the state in terms of student growth. State and District projections indicate that approximately 1,800 more students will be served in the next fiscal year. This growth is projected to increase the student population up to 3 percent each year bringing the estimated student population to approximately 110,600, 117,800 and 135,600 over the next 5, 10 and 20 years, respectively. The mainstay of the County's economy are tourism and retirement, and their associated services, such as health, trade, and other service-oriented industries. The County also has real estate development, agribusiness, high-tech manufacturing, corporate and regional headquarters, warehousing and distribution, and financial services industries. Currently, over 89 percent of employment is concentrated in the services, wholesale and retail, and government sectors. Industries expected to gain the most new jobs in the near future include local government, health services, business services, food services, and special trade contractors.

The District recognizes that the continued enhancement of the local economy is of mutual benefit to both the District and the County, and that an excellent system of public education is a significant factor in attracting new business and industry to the County. The District is the area's second largest employer, employing 13,290 full and part-time employees, including 5,476 instructional personnel.

Ranked in the top 10 in student population in the state and in the top 40 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 12 schools in the next 10 years. In order to meet this demand, the District will continue to seek additional revenue sources. There are 86 public schools in Lee County and providing adequate facilities to all students is fundamental to maintaining an effective education system. It speaks to a range of standards, including safety, class size and equity. An ambitious construction program that produced forty new or additions to schools over the past ten years is winding down. This program was supported in part by the issuance of several Certificates of Participation. The District will not be able to sustain this building program going forward. In recent years, the Florida Legislature has reduced school districts taxing authority for capital outlay from 2.000 mills to 1.500 mills. With the dramatic reduction in property values, the District's revenue stream for school construction is extremely limited. In addition, with half of the school facilities more than 30 years old, 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, an additional \$5.8 million during the fiscal year 2012, an additional \$2.9 million during the fiscal year 2013, an additional \$2.9 million during the fiscal year 2014, an additional \$1.5 million during the fiscal year 2015 and the balance, \$57 thousand, during the final fiscal year 2016. 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.

Capital Outlay Program

During the fiscal year 2017, the District is planning to start the construction of one high school. For fiscal year 2018, the District is planning to start the construction of one elementary school and one high school and to complete the construction of one high school.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting, and the Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015. This was the thirteenth 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.

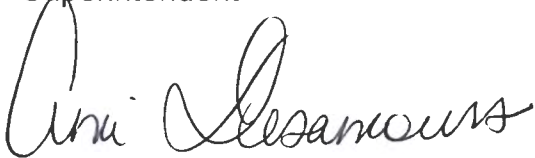
The preparation and completion of this report on a timely basis was made possible by the dedicated service of the entire staff of the District's Financial Accounting Department. Each member of the Financial Accounting Department has our sincere appreciation for the contributions made in the completion 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.

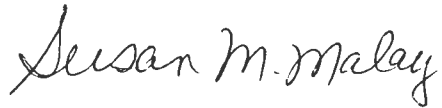
Respectfully submitted,




Dr. Gregory K. Adkins
Superintendent



Dr. Ami Desamours
Chief Financial Officer



Ms. Susan Malay
Executive Director of Financial Services



Mr. Mark A. Santiago
Director of Financial Services

**SCHOOL DISTRICT OF LEE COUNTY
BOARD MEMBERS AND SUPERINTENDENT**



Steven K. Teuber
Chairman, District 4



Mary Fischer
Vice Chairman, District 1



Jeanne S. Dozier
District 2



Cathleen O'Daniel Morgan
District 3



Pamela H. LaRiviere
District 5

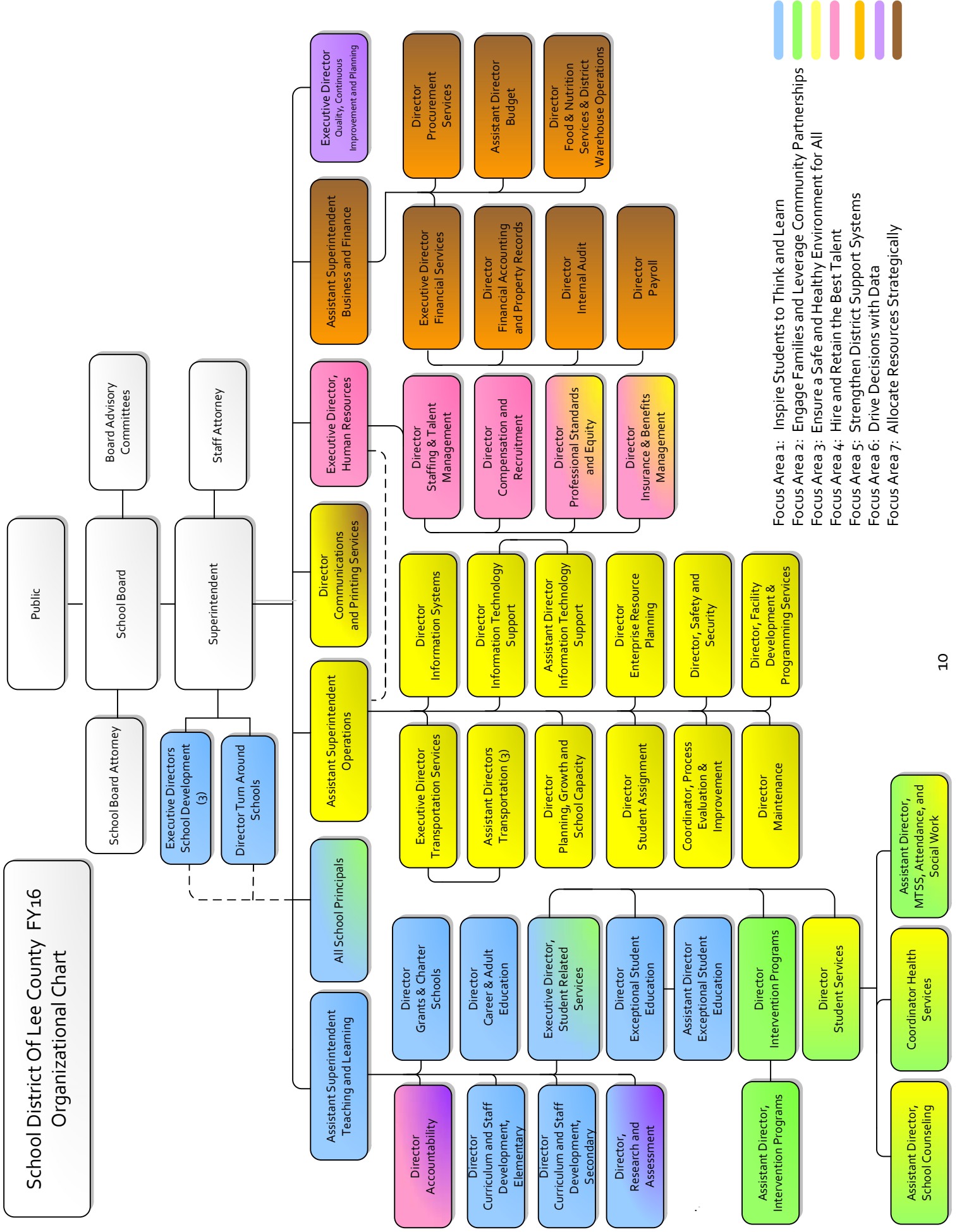


Dr. Gregory K. Adkins
Superintendent

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

Dr. Gregory Adkins	Superintendent
Mr. William Law	Assistant Superintendent Operations
Dr. Ami Desamours	Assistant Superintendent Business and Finance
Ms. Soretta Ralph	Assistant Superintendent Teaching and Learning
Ms. Jeananne Folaros	Executive Director School Development
Ms. Shanna Flecha	Executive Director School Development
Dr. Jeff Spiro	Executive Director School Development
Dr. Angela Pruitt	Executive Director Human Resources
Dr. Denise Carlin	Executive Director Student Related Services
Mr. Robert Morgan	Executive Director Transportation Services
Mr. William Tubb	Executive Director Financial Services
Mr. Robert Brown	Director Internal Audit
TBD	Director Information Systems
Mr. Henry Stelmacki	Director Food & Nutrition Services & Warehouse Operations
Ms. Susan Malay	Director Procurement Services
Ms. Rita Zazzaro	Director Payroll

School District Of Lee County FY16 Organizational Chart



- Focus Area 1: Inspire Students to Think and Learn
- Focus Area 2: Engage Families and Leverage Community Partnerships
- Focus Area 3: Ensure a Safe and Healthy Environment for All
- Focus Area 4: Hire and Retain the Best Talent
- Focus Area 5: Strengthen District Support Systems
- Focus Area 6: Drive Decisions with Data
- Focus Area 7: Allocate Resources Strategically



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, 2015.**

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



Brenda Burkett

Brenda R. Burkett, CPA, CSBA, SFO
President

John D. Musso

John D. Musso, CAE, RSBA
Executive Director



Government Finance Officers Association

**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, 2015

Executive Director/CEO

FINANCIAL SECTION



MOORE STEPHENS
LOVELACE, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

School Board and Superintendent
School District of Lee County, Florida
Fort Myers, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the School District of Lee County, Florida (the "District") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Charter Schools or The Foundation for Lee County Public Schools, Inc., which comprises 100 percent of the assets, net position, and revenues of the discretely presented component units of the District. Those financial statements were audited by other auditors, whose reports have been furnished to us and, our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to in the first paragraph 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 District as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows, thereof, for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America and the respective budgetary comparison for the General Fund and the Economic Stimulus Special Revenue Fund.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Required Supplemental Information, as listed in the table of contents, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The introductory section, combining and individual major and non-major fund financial statements and schedules, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such 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 fund financial statements and schedules are fairly stated, in all material respects, in relation to the financial statements as a whole. The introductory section and statistical section have 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 them.

School Board and Superintendent
School District of Lee County, Florida

INDEPENDENT AUDITOR'S REPORT
(Concluded)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
December 2, 2016

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, 2016. Please read it in conjunction with the District's financial statements, which immediately follow this section.

Financial Highlights

- The District's assets plus deferred outflows of resources exceeded its liabilities plus deferred inflows of resources by \$837,997,705 at fiscal year ending June 30, 2016.
- Net position of the District increased by \$23,627,065, in comparison to the 2014-15 fiscal year,
- The District's Government-wide revenues totaled \$924,582,404, comprised of general revenues of \$861,265,391 or 93.2 percent of the total revenues. Program specific revenues from charges for services, operating grants and contributions, and capital grants and contributions, totaled \$63,317,013 or 6.8 percent of the total revenues.
- Expenses incurred by the District totaled \$900,955,339 for governmental related activities. Program specific revenues offset these expenses by \$63,317,013, and general revenues funded the difference.
- The District's governmental funds reported combined ending fund balances of \$264,017,248 or an increase of \$30,115,291 or 13 percent in 2015-16 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 \$116,229,361, at June 30, 2016, or 16.7 percent of total General Fund expenditures.
- The General Fund total fund balance as of June 30, 2016, totaled \$140,178,961, an 8.4 percent increase in comparison to the 2014-15 fiscal year total of \$129,284,121. The increase in total fund balance of the General Fund is mainly attributed to the increase in property tax revenues of \$18,532,812.

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 *Special Revenue Fund – Federal Economic Stimulus Statement of Revenues, Expenditures and Changes in Fund Balance - Budget vs. Actual* is presented for the fund that accounts for the resources received and expended under the American Recovery and Reinvestment Act of 2009.
- 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* provides 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 fund statements that provide details about the Nonmajor Governmental Funds. Combining statements for the District's discretely presented component units are also included. Also, the other supplemental section includes schedules of budget vs. actual for each governmental fund. Figure A-1 on the following page shows how the various parts of this report are arranged and related to one another.

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Figure A-1

Organization of the District's Comprehensive Annual Financial Report

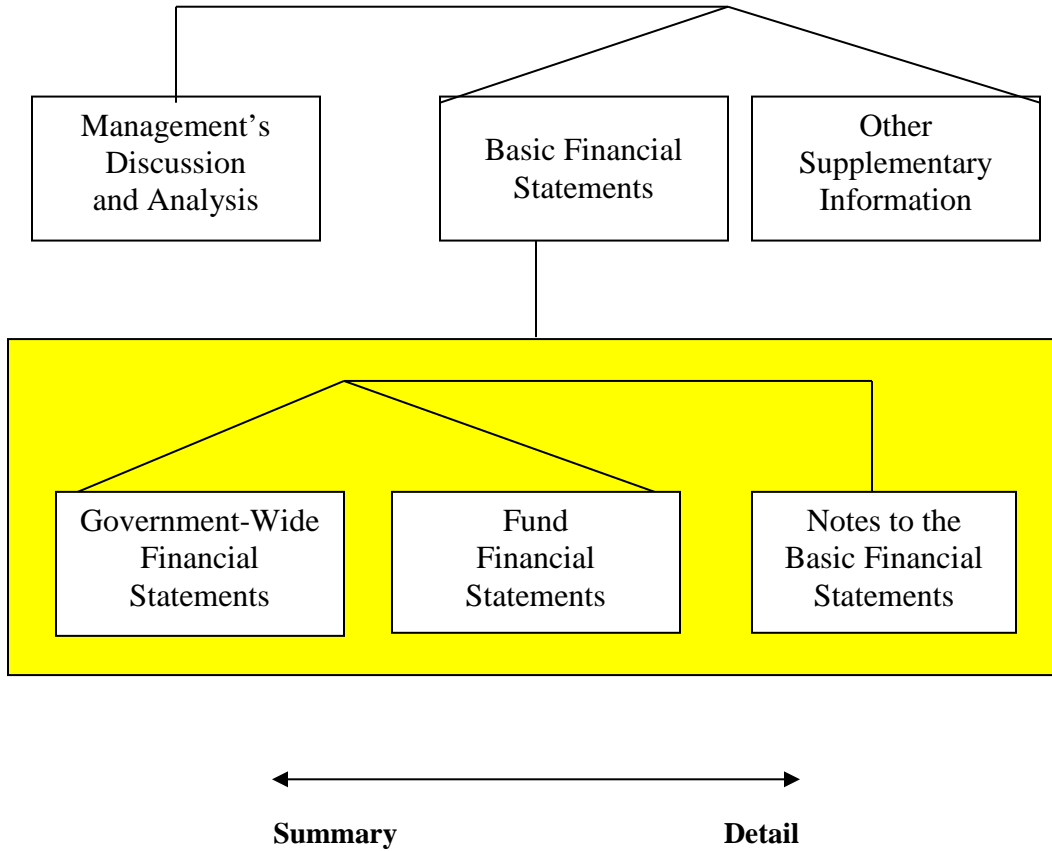


Figure A-2 summarizes the major features of the District’s Basic Financial Statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of Management’s Discussion and Analysis highlights the structure and contents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

Figure A-2

Major Features of the Government-wide and Fund Financial Statements

	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 activity 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 resources 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, deferred outflows of resources, liabilities, and deferred inflows of resources. 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 deferred outflows less liabilities and deferred inflows) 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 (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 21 other entities in its report – The Foundation for Lee County Public Schools, Inc., Accelerated Educations Services, 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, Inc., Coronado High School, DJB Technical Academy, Inc., Fort Myers Preparatory and Fitness Academy, Inc., Gateway Charter School, Gateway Intermediate Charter School, Gateway Charter High School, Goodwill L.I.F.E. Academy, Island Park Charter High School, Inc., The Island School, Inc., Northern Palms Charter High School, North Nicholas High School, Palm Acres Charter High School, Inc., Pivot Charter High School, 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 activity 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 larger on June 30, 2016, than the previous fiscal year; increasing \$23.6 million to \$838.0 million (see Figure A-3) primarily due to an increase in property tax revenue. By far, the largest portion of the District's net position, \$851.5 million (101.6 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 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, \$143.9 million (17.2 percent), represents resources that are subject to external restrictions on how they may be used. The remaining net position, \$(157.4) million ((18.8) 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 not able to report positive balances in all categories of net position.

Figure A-3

Condensed Statement of Net Position (in millions of dollars)

	Governmental Activities		Total Percentage Change
	2015	2016	
Current and Other Assets	\$ 372.2	\$ 420.7	13.0%
Capital Assets	1,289.8	1,252.3	(2.9)%
Total Assets	<u>1,662.0</u>	<u>1,673.0</u>	0.7%
Deferred Outflows of Resources	<u>45.9</u>	<u>66.8</u>	45.5%
Long-Term Debt Outstanding	716.9	777.7	8.5%
Other Liabilities	60.7	80.9	33.3%
Total Liabilities	<u>777.6</u>	<u>858.6</u>	10.4%
Deferred Inflows of Resources	<u>115.9</u>	<u>43.2</u>	(62.7)%
Net Position			
Net Investment in Capital Assets	866.7	851.5	(1.8)%
Restricted	120.1	143.9	19.8%
Unrestricted	<u>(172.4)</u>	<u>(157.4)</u>	(8.7)%
Total Net Position	<u>\$ 814.4</u>	<u>\$ 838.0</u>	2.9%

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

- An increase in property tax revenue; and
- An increase in grant revenue.

Changes in Net Position. The District's total revenue increased 5 percent to \$924.6 million (see Figure A-4). Property taxes, FEFP funding, and federal and state sources, accounted for most of the District's revenue, contributing about 91 cents of every dollar raised (see Figure A-5). The remainder came from capital grants and contributions, operating grants and contributions, fees charged for services, investment earnings and other sources.

The total cost of all programs and services increased 1.2 percent to \$901.0 million. Approximately 89 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 11 percent of total costs. The \$14.5 million increase in instruction costs was derived largely from salary increases and benefits, in this case for teachers and other educational staff.

Total revenues surpassed expenses, increasing net position \$23.6 million and contributing to the District's improved financial condition.

Figure A-4

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

	Governmental Activities		Total Percentage Change
	2015	2016	
<i>Revenues</i>			
<i>Program Revenues</i>			
Charges for Services	\$ 15.8	\$ 13.2	(16.5)%
Operating Grants and Contributions	32.7	38.8	18.7%
Capital Grants and Contributions	8.1	11.3	39.5%
<i>General Revenues</i>			
Property Taxes	459.8	485.2	5.5%
Florida Education Finance Program	157.1	165.8	5.5%
Other Federal Sources	73.8	74.7	1.2%
Other State Sources	121.2	120.7	(0.4)%
Other Local Sources	10.8	11.5	6.5%
Investment Earnings	1.6	3.4	112.5%
Total Revenues	880.9	924.6	5.0%
<i>Expenses</i>			
Instruction	463.5	478.0	3.1%
Student Support Services	27.8	29.6	6.5%
Instructional Media Services	3.9	4.2	7.7%
Instruction & Curriculum Development Services	17.0	20.2	18.8%
Instructional Staff Training Services	10.9	10.9	0.0%
Instruction Related Technology	6.5	7.4	13.8%
Board	0.9	0.9	0.0%
General Administration	5.3	5.9	11.3%
School Administration	43.7	44.8	2.5%
Facilities Services	105.7	90.9	(14.0)%
Fiscal Services	3.5	3.7	5.7%
Food Services	36.1	39.7	10.0%
Central Services	9.2	8.8	(4.3)%
Student Transportation Services	51.4	51.5	0.2%
Operation of Plant	66.0	64.7	(2.0)%
Maintenance of Plant	15.0	15.6	4.0%
Administrative Technology Services	5.8	5.5	(5.2)%
Community Services	4.4	5.1	15.9%
Unallocated Interest on Long-Term Debt	13.6	13.6	0.0%
Total Expenses	890.2	901.0	1.2%
Increase (Decrease) in Net Position	(9.3)	23.6	353.8%
Net Position, Beginning	1,089.9	814.4	(25.3)%
Adjustments to Beginning Net Position ¹	(266.2)	-	(100.0)%
Net Position, Beginning, Restated	823.7	814.4	(1.1)%
Net Position, Ending	\$ 814.4	\$ 838.0	2.9%

Note: (1) Adjustments to beginning net position due to the implementation of GASB Statement 68, which is a change in accounting principle that requires employers participating in cost-sharing multiple-employer defined pension plans to report the employers' proportionate share of the net pension liability of the defined benefit pension plans.

Figure A-5

Sources of Revenues for Fiscal Year 2016

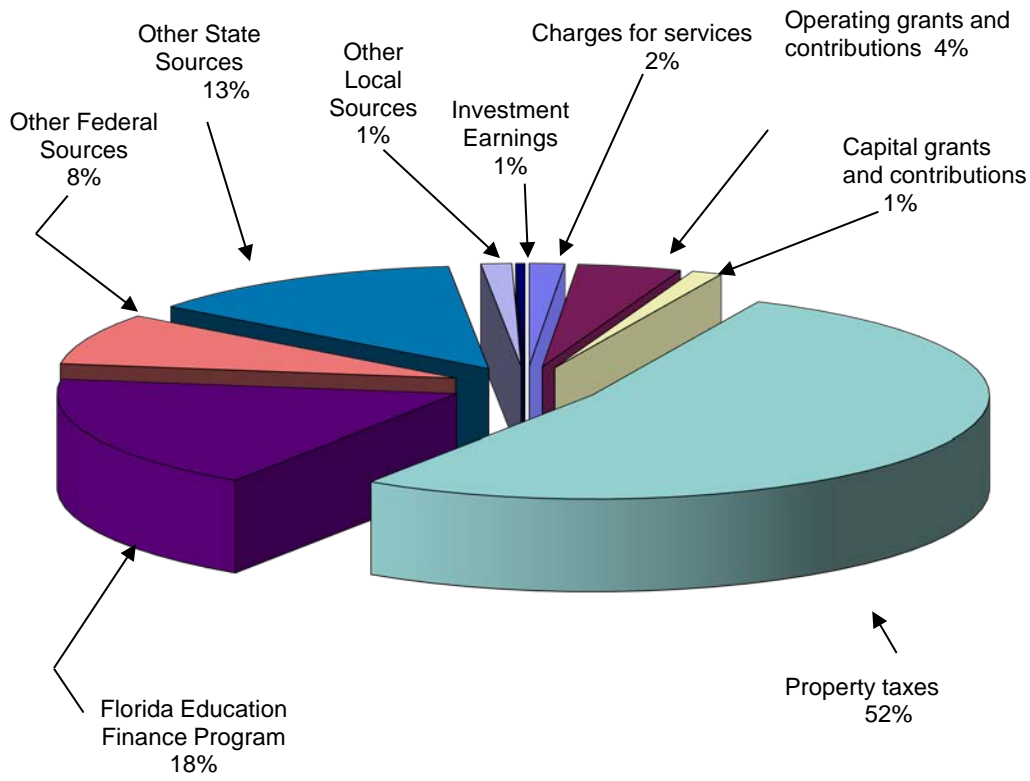
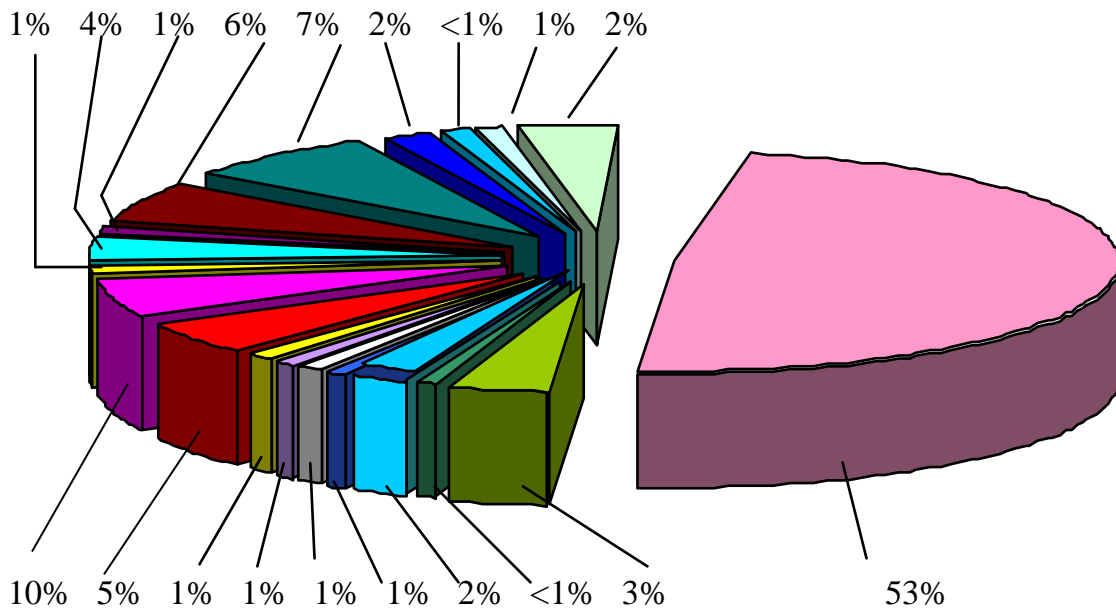


Figure A-6

Expenses for Fiscal Year 2016



- Instruction - 53%
- Student Support Services - 3%
- Instructional Media Services - <1%
- Instruction and Curriculum Development Services - 2%
- Instructional Staff Training Services - 1%
- Instruction Related Technology - 1%
- Board <1%
- General Administration - 1%
- School Administration - 5%
- Facilities Services - 10%
- Fiscal Services - 1%
- Food Services - 4%
- Central Services - 1%
- Student Transportation Services - 6%
- Operation of Plant - 7%
- 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 increased 5 percent, while expenses increased 1.2 percent. The increase in net position for governmental activities was \$23.6 million in 2016. The major impact to revenue was the increase in property tax revenue of \$25.4 million.

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
	2015	2016	Change	2015	2016	Change
Instruction	\$ 463.5	\$ 478.0	3.1%	\$ (454.1)	\$ (468.1)	3.1%
Student Support Services	27.8	29.6	6.5%	(27.8)	(29.6)	6.5%
Instructional Media Services	3.9	4.2	7.7%	(3.9)	(4.2)	7.7%
Instruction & Curriculum Development Services	17.0	20.2	18.8%	(17.0)	(20.2)	18.8%
Instructional Staff Training Services	10.9	10.9	0.0%	(10.9)	(10.9)	0.0%
Instruction Related Technology Board	6.5	7.4	13.8%	(6.5)	(7.4)	13.8%
General Administration	0.9	0.9	0.0%	(0.9)	(0.9)	0.0%
School Administration	5.3	5.9	11.3%	(5.3)	(5.9)	11.3%
Facilities Services	43.7	44.8	2.5%	(43.7)	(44.8)	2.5%
Fiscal Services	105.7	90.9	(14.0)%	(99.8)	(81.6)	(18.2)%
Food Services	3.5	3.7	5.7%	(3.5)	(3.7)	5.7%
Central Services	36.1	39.7	10.0%	2.5	2.0	(20.0)%
Student Transportation Services	9.2	8.8	(4.3)%	(9.2)	(8.8)	(4.3)%
Operation of Plant	51.4	51.5	0.2%	(51.0)	(51.0)	0.0%
Maintenance of Plant	66.0	64.7	(2.0)%	(66.0)	(64.7)	(2.0)%
Administrative Technology Services	15.0	15.6	4.0%	(15.0)	(15.6)	4.0%
Community Services	5.8	5.5	(5.2)%	(5.8)	(5.5)	(5.2)%
Unallocated Interest on Long-Term Debt	4.4	5.1	15.9%	(4.4)	(5.1)	15.9%
	13.6	13.6	0.0%	(11.3)	(11.6)	2.7%
Total	\$ 890.2	\$ 901.0	1.2%	\$ (833.6)	\$ (837.6)	0.5%

The cost of all governmental activities this year was \$901.0 million.

Part of the cost was financed by the users of the District's programs (\$13.2 million).

The Federal and State governments subsidized certain programs with grants and contributions (\$50.1 million).

However, most of the District's costs (\$837.6 million) were financed by District and State taxpayers. This portion of governmental activities was financed with \$485.2 million from property taxes and \$361.1 million of unrestricted Florida Education Finance Program funds 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 \$264.0 million, which is above last fiscal year's ending fund balances of \$233.9 million. Unassigned fund balance of \$116.2 million represents 44 percent of the ending fund balances and is available to meet the District's short-term spending needs. The remainder of fund balance is non-spendable, restricted or assigned to indicate that it is not available for new spending, because it is: 1) to liquidate inventory and prepaid items of \$3.2 million; 2) restricted by Federal law, State statute and local ordinance of \$142.9 million; and 3) assigned for State and Local programs of \$1.7 million.

Five of the eleven Governmental Funds had more revenue and other financing sources than expenditures and other financing uses in 2016, thereby contributing to the increase in total fund balance. Most significantly, \$8 million of the Capital Projects Fund Local Capital Improvement Tax fund balance increased because current year resources were not expended in the current year due to conservative spending. Some funds reflect decreases (\$.5 million) in fund balance. The Capital Projects Fund Capital Outlay and Debt Service fund balance decreased \$.3 million due to capital outlays connected with construction remodeling and renovation of various schools were expended in the current year using prior year resources..

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 \$140.2 million. During the current fiscal year, the fund balance of the General Fund increased by \$10.9 million. A key factor in this increase was a \$18.5 million increase 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 2015 was \$.3 million, a decrease of \$.1 million from the prior fiscal year. The decrease is related to debt service payments the District made in early fiscal year 2016 with fiscal year 2015 resources.

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 2016 was \$9.1 million, an increase of \$1.8 million from the prior fiscal year due to the accumulated principal payments required to be deposited into a sinking fund until fiscal year 2028 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, 2016, the total fund balance was \$54.2 million, an increase of \$8 million from the prior fiscal year due to conservative spending.

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 \$37.7 million, an increase of \$8.1 million from the prior fiscal year due to conservative spending.

General Fund Budgetary Highlights

Over the course of the fiscal 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 property taxes was greater than the final amended budget by \$1.4 million due to a higher collection rate.

Amendments to Modify Appropriations.

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

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

Budgeted expenditures were increased \$6.9 million from the original budget to the final amended budget primarily due to the rise in facility maintenance costs.

- Although the District's final budget for the General Fund anticipated that expenditures would exceed revenues and other financing sources by approximately \$98 million, the actual results for the fiscal year show that expenditures exceeded revenues by \$1.8 million.
- The actual expenditures were \$89 million below budgeted levels. Actual expenditures for instruction were more than \$48.7 million below budgeted levels due to conservative spending at the schools.
- Actual expenditures for transportation and operation of plant were \$20.3 million below budgeted levels due to conservative spending.

Capital Assets and Debt Administration

Capital Assets

By the end of the 2015-16 fiscal year, the District had an investment of \$1,252.3 million, net of accumulated depreciation, in a broad range of assets, including land, school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices (see Figure A-8). This amount represents a net decrease of \$37.5 million, or 2.9 percent, from last fiscal year. Additions to furniture, fixtures and equipment and motor vehicles, amounted to \$9.9 million for the fiscal year. Total depreciation expense for the year was \$49.6 million. (More detailed information about capital assets can be found in Note 5 to the Basic Financial Statements.)

Figure A-8

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

	Governmental Activities		Total Percentage Change
	<u>2015</u>	<u>2016</u>	
Land	\$ 169.0	\$ 169.0	(0.0)%
Improvements Other Than Buildings	28.1	27.3	(2.8)%
Buildings	1,044.0	1,008.6	(3.4)%
Furniture, Fixtures and Equipment	22.4	20.3	(9.4)%
Motor Vehicles	10.1	10.7	5.9%
Audio Visual Materials and Software	16.2	16.4	1.2%
Total	<u>\$ 1,289.8</u>	<u>\$ 1,252.3</u>	(2.9)%

The District's approved five-year Capital Outlay Plan includes the construction of two new high schools and one new elementary school over the next five years. The District's student enrollment has grown over the last several years, 7.7 percent since 2012 for a present enrollment of 90,069 students.

The District's capital projects budget shows spending another \$169.3 million in the 2016-17 fiscal year for capital projects, principally in four areas:

- 1) \$16.6 million to purchase new school buses.
- 2) \$24 million to continue the upgrade of technology equipment.
- 3) \$44.6 million to continue the maintenance of existing schools.
- 4) \$33 million to begin the construction of one new high school.

Long-Term Debt

At fiscal year-end, the District had \$390.9 million in COPS, SBE bonds, and Notes outstanding, a decrease of 6.6 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>2015</u>	<u>2016</u>	
Certificates of Participation and Note Payables (financed with property taxes)	\$ 411.1	\$ 385.1	(6.3)%
State School Bonds (financed with specific taxes & fee revenues)	<u>7.5</u>	<u>5.8</u>	(22.7)%
Total	<u>\$ 418.6</u>	<u>\$ 390.9</u>	(6.6)%

The District continues to retire its outstanding debt as it becomes due, retiring \$26.8 million of outstanding certificates of participation, notes, and bonds during the 2015-16 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 three existing circumstances that could significantly affect its financial health in the future:

- Property tax roll increased over 9 percent for 2017, another very positive economic indicator for our county. This increase was the fourth increase in the tax roll since 2008.
- Local property taxes are currently the lone substantial source of funding in the capital plan. Despite the increase in the tax roll, the previous losses of capital millage and other state capital funding are continuing to take its toll on the five year capital budget outlook. With a growing need for additional seats due to student growth, increased need for maintenance at our existing buildings, and anticipated need for additional technology and technology infrastructure at our schools to fulfill testing mandates and educational needs, the current capital revenue does not meet the current need. The District is actively working to creatively identify and obtain revenue from other sources to supplement current revenue.
- Both the Support Personnel Association of Lee County (SPALC) and the Teachers Association of Lee County (TALC) are currently in negotiations with the District Bargaining Team. Salary negotiations are still ongoing and any salary increase, including performance based pay must be negotiated and agreed upon by the bargaining units and the Board. The Board must provide funding for any increases in the 2017 budget.

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 33966-1012.

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BASIC FINANCIAL STATEMENTS

THE SCHOOL DISTRICT OF LEE COUNTY
STATEMENT OF NET POSITION
June 30, 2016

	<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	\$ 112,072,893	\$ 10,357,218	\$ 122,430,111
Investments	288,980,859	-	288,980,859
Accounts Receivable	83,751	3,412,549	3,496,300
Taxes Receivable	263,153	-	263,153
Due from Other Agencies	7,402,977	325,000	7,727,977
Due from Fiduciary Funds	-	2,000	2,000
Inventory	3,219,259	-	3,219,259
Prepaid Expenses	-	2,356,010	2,356,010
Capital Credits Receivable	8,316,662	-	8,316,662
Restricted assets:			
Cash with Fiscal Agent	350,687	-	350,687
Capital assets:			
Non-depreciable	169,020,654	-	169,020,654
Depreciable, net	1,083,270,869	66,558,118	1,149,828,987
Total Assets	1,672,981,764	83,010,895	1,755,992,659
DEFERRED OUTFLOW OF RESOURCES			
Deferred amount on refunding	326,363	-	326,363
Deferred amount on pension	66,523,450	89,499	66,612,949
Total Deferred Outflow of Resources	66,849,813	89,499	66,939,312
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
LIABILITIES			
Salaries and Wages Payable	15,240,806	1,980,318	17,221,124
Payroll Deductions and Withholdings	3,041,249	-	3,041,249
Accounts Payable	13,546,028	6,765,555	20,311,583
Construction Contracts Payable	31,556	-	31,556
Construction Contracts Payable - Retainage	110,965	-	110,965
Matured Principal and Interest Payable	30,873,075	-	30,873,075
Accrued Interest Payable	61,544	-	61,544
Deposits Payable	28,063	9,081	37,144
Advanced Revenue	10,142,326	-	10,142,326
Due to Other Agencies	7,846,303	6,974	7,853,277
Noncurrent liabilities:			
Portion due within one year:			
Notes Payable	1,297,021	59,178	1,356,199
Bonds Payable	1,794,000	-	1,794,000
Obligations under Capital Lease	-	1,925,463	1,925,463
Liability for Compensated Absences	5,958,573	69,011	6,027,584
Certificates of Participation Payable	24,251,000	-	24,251,000
Estimated Early Retirement Payable	200	-	200
Estimated Insurance Claims Payable	10,847,483	-	10,847,483
Net Pension Liability	5,243,773	-	5,243,773
Portion due after one year:			
Notes Payable	2,636,902	75,907	2,712,809
Bonds Payable	3,988,782	-	3,988,782
Obligations under Capital Lease	-	71,394,876	71,394,876
Liability for Compensated Absences	54,915,968	23,004	54,938,972
Certificates of Participation Payable	356,961,806	-	356,961,806
Estimated Early Retirement Payable	1,278,800	-	1,278,800
Estimated Insurance Claims Payable	10,950,471	-	10,950,471
Postemployment Benefits Payable	29,414,951	-	29,414,951
Net Pension Liability	268,117,981	230,594	268,348,575
Total Liabilities	858,579,626	82,539,961	941,119,587
DEFERRED INFLOW OF RESOURCES			
Deferred amount on refunding	8,922,519	-	8,922,519
Unearned Revenue	-	1,076,025	1,076,025
Deferred amount on pension	34,331,727	33,255	34,364,982
Total Deferred Inflow of Resources	43,254,246	1,109,280	44,363,526
NET POSITION			
Net Investment in Capital Assets	851,527,173	(857,256)	850,669,917
Restricted for:			
State Required Carryover Programs	19,736,496	-	19,736,496
Debt Service	9,511,078	-	9,511,078
Capital Projects	94,160,877	106,715	94,267,592
Food Service: Expendable	19,475,160	-	19,475,160
Food Service: Nonexpendable	691,172	-	691,172
Other Purposes	300,000	2,899,775	3,199,775
Unrestricted	(157,404,251)	(2,698,081)	(160,102,332)
Total Net Position	\$ 837,997,705	\$ (548,847)	\$ 836,757,686

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, 2016

FUNCTIONS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Units	Total Reporting Unit
Governmental Activities:							
Instruction	\$ 477,957,931	\$ 9,875,087	\$ -	\$ -	\$ (468,082,844)	\$ -	\$ (468,082,844)
Student Support Services	29,628,657	-	-	-	(29,628,657)	-	(29,628,657)
Instructional Media Services	4,170,590	-	-	-	(4,170,590)	-	(4,170,590)
Instruction and Curriculum Development Services	20,256,522	-	-	-	(20,256,522)	-	(20,256,522)
Instructional Staff Training Services	10,877,081	-	-	-	(10,877,081)	-	(10,877,081)
Instruction Related Technology	7,361,597	-	-	-	(7,361,597)	-	(7,361,597)
Board	927,293	-	-	-	(927,293)	-	(927,293)
General Administration	5,868,836	-	-	-	(5,868,836)	-	(5,868,836)
School Administration	44,847,942	-	-	-	(44,847,942)	-	(44,847,942)
Facilities Services	90,933,729	-	-	9,357,271	(81,576,458)	-	(81,576,458)
Fiscal Services	3,738,706	-	-	-	(3,738,706)	-	(3,738,706)
Food Services	39,628,416	2,830,891	38,758,768	-	1,961,243	-	1,961,243
Central Services	8,807,231	-	-	-	(8,807,231)	-	(8,807,231)
Student Transportation Services	51,487,889	517,086	-	-	(50,970,803)	-	(50,970,803)
Operation of Plant	64,678,201	-	-	-	(64,678,201)	-	(64,678,201)
Maintenance of Plant	15,577,105	-	-	-	(15,577,105)	-	(15,577,105)
Administrative Technology Services	5,537,292	-	-	-	(5,537,292)	-	(5,537,292)
Community Services	5,089,352	-	-	-	(5,089,352)	-	(5,089,352)
Unallocated Interest and Fiscal Charges on Long-term Debt	13,580,969	-	-	1,977,910	(11,603,059)	-	(11,603,059)
Total Governmental Activities	900,955,339	13,223,064	38,758,768	11,335,181	(837,638,326)		(837,638,326)
Total Primary Government	\$ 900,955,339	\$ 13,223,064	\$ 38,758,768	\$ 11,335,181	(837,638,326)		(837,638,326)
Component Units:							
Charter Schools/Foundation	\$ 69,241,706	\$ 963,186	\$ 7,598,399	\$ 1,801,008		(58,879,113)	(58,879,113)
General Revenues:							
Taxes:							
Property Taxes, Levied for Operational Purposes				385,303,457	-		385,303,457
Property Taxes, Levied for Capital Projects				99,905,824	-		99,905,824
Florida Education Finance Program				165,767,538	-		165,767,538
Other Federal Sources Not Restricted to Specific Programs				74,666,159	-		74,666,159
Other State Sources Not Restricted to Specific Programs				120,690,788	57,141,684		177,832,472
Other Miscellaneous Sources Not Restricted to Specific Programs				11,582,589	2,230,723		13,813,312
Unrestricted Investment Earnings				3,349,036	2,974		3,352,010
Total General Revenues				861,265,391	59,375,381		920,640,772
Change in Net Position				23,627,065	496,268		24,123,333
Net Position - July 1, 2015				814,370,640	(564,607)		813,806,033
Prior Period Adjustment				-	(480,508)		(480,508)
Net Position - July 1, 2015, Restated				814,370,640	(1,045,115)		813,325,525
Net Position- June 30, 2016				\$ 837,997,705	(548,847)		\$ 837,448,858

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, 2016**

	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	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS								
Cash	\$ 37,894,524	\$ -	\$ 31,200,484	\$ 2,728	\$ 7,886,388	\$ 12,704,970	\$ 10,109,538	\$ 99,798,632
Investments	141,005,475	-	682	9,055,367	55,326,450	22,929,606	10,339,138	238,656,718
Accounts Receivable	73,439	-	-	-	-	-	10,312	83,751
Taxes Receivable	208,969	-	-	-	54,184	-	-	263,153
Due from Other Funds	1,905,899	-	-	-	-	-	200,762	2,106,661
Due from Other Agencies	1,745,056	-	-	-	-	2,107,716	3,550,205	7,402,977
Inventory	2,528,087	-	-	-	-	-	691,172	3,219,259
Total Assets	<u>\$ 185,361,449</u>	<u>\$ -</u>	<u>\$ 31,201,166</u>	<u>9,058,095</u>	<u>\$ 63,267,022</u>	<u>\$ 37,742,292</u>	<u>\$ 24,901,127</u>	<u>\$ 351,531,151</u>
LIABILITIES AND FUND BALANCES								
Liabilities								
Salaries and Wages Payable	\$ 15,240,806	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,240,806
Payroll Deductions and Withholdings	3,041,249	-	-	-	-	-	-	3,041,249
Accounts Payable	3,463,598	-	4,957	2,728	9,002,770	843	639,485	13,114,381
Matured Principal Payable	-	-	23,843,000	-	-	-	-	23,843,000
Matured Interest Payable	-	-	7,030,075	-	-	-	-	7,030,075
Construction Contracts Payable	-	-	-	-	-	-	31,556	31,556
Construction Contracts Payable - Retainage	-	-	-	-	93,452	-	17,513	110,965
Deposits Payable	28,063	-	-	-	-	-	-	28,063
Due to Other Agencies	7,846,303	-	-	-	-	-	-	7,846,303
Due to Other Funds	15,562,469	-	-	-	-	-	1,641,182	17,203,651
Total Liabilities	<u>45,182,488</u>	<u>-</u>	<u>30,878,032</u>	<u>2,728</u>	<u>9,096,222</u>	<u>843</u>	<u>2,329,736</u>	<u>87,490,049</u>
Deferred Inflows								
Unavailable Revenue	-	-	-	-	-	-	23,854	23,854
Total Deferred Inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,854</u>	<u>23,854</u>
Fund Balance								
Nonspendable								
Inventory	2,528,087	-	-	-	-	-	691,172	3,219,259
Restricted for:								
State Required Carryover Programs	19,736,496	-	-	-	-	-	-	19,736,496
Debt Service	-	-	323,134	9,055,367	-	-	132,577	9,511,078
Capital Projects	-	-	-	-	54,170,800	37,741,449	2,248,628	94,160,877
Food Service	-	-	-	-	-	-	19,475,160	19,475,160
Assigned to:								
Purchase Order Obligations	1,685,017	-	-	-	-	-	-	1,685,017
Unassigned	116,229,361	-	-	-	-	-	-	116,229,361
Total Fund Balances	<u>140,178,961</u>	<u>-</u>	<u>323,134</u>	<u>9,055,367</u>	<u>54,170,800</u>	<u>37,741,449</u>	<u>22,547,537</u>	<u>264,017,248</u>
Total Liabilities and Fund Balances	<u>\$ 185,361,449</u>	<u>\$ -</u>	<u>\$ 31,201,166</u>	<u>\$ 9,058,095</u>	<u>\$ 63,267,022</u>	<u>\$ 37,742,292</u>	<u>\$ 24,901,127</u>	<u>\$ 351,531,151</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 BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
June 30, 2016**

Total Fund Balance - Governmental Funds \$ 264,017,248

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	\$ 1,907,673,390	
Accumulated depreciation	<u>(655,381,867)</u>	
		1,252,291,523

Deferred outflow of resources are reported as a result of changes in fair value of deferred amounts on pensions and refundings in the statement of net position. 66,849,813

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. 8,316,662

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	(61,544)	
Bonds payable	(5,782,782)	
Certificates of participation payable	(381,212,806)	
Notes payable	(3,933,923)	
Estimated insurance claims payable	(21,797,954)	
Liability for compensated absences	(60,874,541)	
Estimated early retirement payable	(1,279,000)	
Postemployment benefits payable	(29,414,951)	
Net pension liability	<u>(273,361,754)</u>	
Subtotal, long-term liabilities		(777,719,255)

Deferred inflow of resources are reported as a result of changes in fair value of deferred amounts on pensions and refundings in the statement of net position. (43,230,392)

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 is \$45,662,206. This includes \$6,812 in capital assets, \$18,758 in compensated absences and \$21,797,954 in estimated unpaid claims included above. The net amount is as follows:

67,472,106

Total net position - governmental activities \$ 837,997,705

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, 2016**

	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	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES								
Federal Direct Sources	\$ 1,726,741	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,619,329	\$ 21,346,070
Federal Through State Sources	2,408,004	57,180	-	-	-	-	89,050,798	91,515,982
State Sources	283,818,902	-	-	-	-	2,916,474	5,459,174	292,194,550
Local Sources								
Taxes	385,303,457	-	-	-	99,905,824	-	-	485,209,281
Food Service Sales	-	-	-	-	-	-	2,830,891	2,830,891
Impact Fees	-	-	-	-	-	6,137,978	-	6,137,978
Miscellaneous	21,835,311	-	1,286	31,548	242,914	2,590,255	101,719	24,803,033
Total Revenues	695,092,415	57,180	1,286	31,548	100,148,738	11,644,707	117,061,911	924,037,785
EXPENDITURES								
Current								
Instruction	438,308,205	-	-	-	-	-	40,073,650	478,381,855
Student Support Services	24,692,683	-	-	-	-	-	5,282,705	29,975,388
Instructional Media Services	4,039,587	-	-	-	-	-	73,174	4,112,761
Instruction and Curriculum Development Services	8,595,574	40	-	-	-	-	11,788,793	20,384,407
Instructional Staff Training Services	4,386,688	43,569	-	-	-	-	6,450,120	10,880,377
Instruction Related Technology	7,211,002	-	-	-	-	-	84,093	7,295,095
Board	952,254	-	-	-	-	-	2,083	954,337
General Administration	2,940,076	2,210	-	-	-	-	2,862,175	5,804,461
School Administration	44,817,818	-	-	-	-	-	331,045	45,148,863
Facilities Services	5,883,364	-	-	-	36,055,027	118,670	3,393,180	45,450,241
Fiscal Services	3,783,553	-	-	-	-	-	-	3,783,553
Food Service	-	-	-	-	-	-	38,726,448	38,726,448
Central Services	8,385,380	11,361	-	-	-	-	322,090	8,718,831
Student Transportation Services	50,219,152	-	-	-	-	-	915,188	51,134,340
Operation of Plant	64,031,342	-	-	-	-	-	138,865	64,170,207
Maintenance of Plant	15,397,142	-	-	-	-	-	4,420	15,401,562
Administrative Technology Services	5,493,704	-	-	-	-	-	-	5,493,704
Community Services	4,674,986	-	-	-	-	-	450,138	5,125,124
Capital Outlay								
Facilities Acquisition and Construction	438,059	-	-	-	553,334	50,566	74,382	1,116,341
Other Capital Outlay	2,688,196	-	-	-	3,670,834	895,999	2,706,369	9,961,398
Debt Service								
Principal	-	-	25,149,872	-	-	-	1,674,000	26,823,872
Interest and Fiscal Charges	-	-	14,753,648	221,418	-	-	368,168	15,343,234
Total Expenditures	696,938,765	57,180	39,903,520	221,418	40,279,195	1,065,235	115,721,086	894,186,399
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,846,350)	-	(39,902,234)	(189,870)	59,869,543	10,579,472	1,340,825	29,851,386
OTHER FINANCING SOURCES (USES)								
Loss Recoveries	263,905	-	-	-	-	-	-	263,905
Transfer In	12,477,285	-	39,815,770	2,021,994	-	-	-	54,315,049
Transfer Out	-	-	(8)	-	(51,837,756)	(2,477,285)	-	(54,315,049)
Total Other Financing Sources (Uses)	12,741,190	-	39,815,762	2,021,994	(51,837,756)	(2,477,285)	-	263,905
Net Change in Fund Balance	10,894,840	-	(86,472)	1,832,124	8,031,787	8,102,187	1,340,825	30,115,291
Fund Balance, Beginning	129,284,121	-	409,606	7,223,243	46,139,013	29,639,262	21,206,712	233,901,957
Fund Balance, Ending	\$ 140,178,961	\$ -	\$ 323,134	\$ 9,055,367	\$ 54,170,800	\$ 37,741,449	\$ 22,547,537	\$ 264,017,248

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, 2016**

Net change in fund balances- governmental funds **\$ 30,115,291**

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 depreciation expense exceeds capital outlays, net of noncapitalized outlays, and other additions in the current period.

Capital outlays	\$ 12,481,485	
Depreciation expense	<u>(49,552,863)</u>	(37,071,378)

In the governmental funds, the cost of capital assets was recognized as an expenditure in the year purchased. Thus, the change in net position differs from the change in fund balance by the undepreciated cost of the disposed assets. (413,984)

Debt proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not effect the statement of net position. 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, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities.

Amortization-net	886,104	
Amortization-net	874,308	
Repayments	<u>26,823,872</u>	28,584,284

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. 127,002

Revenues that are unavailable or unearned in the governmental funds but are recognized as revenue in the governmental-wide financial statement. 23,854

The net change in the early retirement benefit program liability is reported in the government-wide statements, but not in the governmental fund statements. (2,000)

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. 1,854

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. (531,351)

The net change in the liability for postemployment health benefits is reported in the government-wide statements, but not in the governmental fund statements. (1,928,127)

The net change in the liability for pensions is reported in the government-wide statements, but not in the governmental fund statements. 9,857,033

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds of the District. The change in net position of the internal service funds, of \$5,143,008 is reported with governmental activities. This includes \$801 in depreciation, \$6,795 in compensated absences included above. The net amount is as follows: (5,135,413)

Change in net position of governmental activities **\$ 23,627,065**

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, 2016**

	General Fund			Variance with Final Budget - Under (Over)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Federal Direct Sources	\$ 1,130,000	\$ 1,130,000	\$ 1,726,741	\$ (596,741)
Federal Through State Sources	2,225,000	2,225,000	2,408,004	(183,004)
State Sources	284,891,235	283,910,934	283,818,902	92,032
Local Sources				
Taxes	383,918,134	383,918,134	385,303,457	(1,385,323)
Miscellaneous	13,892,406	16,744,116	21,835,311	(5,091,195)
Total Revenues	686,056,775	687,928,184	695,092,415	(7,164,231)
EXPENDITURES				
Current				
Instruction	484,008,957	487,008,272	438,308,205	48,700,067
Student Support Services	24,882,986	26,164,804	24,692,683	1,472,121
Instructional Media Services	4,243,696	4,425,143	4,039,587	385,556
Instruction and Curriculum Development Services	8,742,588	9,227,632	8,595,574	632,058
Instructional Staff Training Services	5,524,757	5,904,965	4,386,688	1,518,277
Instruction Related Technology	7,227,769	7,456,824	7,211,002	245,822
Board	966,774	983,964	952,254	31,710
General Administration	3,261,204	3,568,981	2,940,076	628,905
School Administration	47,496,591	48,159,188	44,817,818	3,341,370
Facilities Services	9,609,435	8,675,902	5,883,364	2,792,538
Fiscal Services	3,984,993	4,049,079	3,783,553	265,526
Central Services	9,366,554	9,832,242	8,385,380	1,446,862
Student Transportation Services	60,904,963	59,296,715	50,219,152	9,077,563
Operation of Plant	74,828,751	75,295,527	64,031,342	11,264,185
Maintenance of Plant	16,490,650	16,440,779	15,397,142	1,043,637
Administrative Technology Services	6,401,819	6,051,486	5,493,704	557,782
Community Services	11,027,967	6,242,122	4,674,986	1,567,136
Capital Outlay				
Facilities Acquisition and Construction	-	531,227	438,059	93,168
Other Capital Outlay	-	6,616,650	2,688,196	3,928,454
Total Expenditures	778,970,454	785,931,502	696,938,765	88,992,737
Deficiency of Revenues Under Expenditures	(92,913,679)	(98,003,318)	(1,846,350)	(96,156,968)
OTHER FINANCING SOURCES				
Loss Recoveries	1,053	166,889	263,905	(97,016)
Transfer In	14,800,000	14,800,000	12,477,285	2,322,715
Total Other Financing Sources	14,801,053	14,966,889	12,741,190	2,225,699
Net Change in Fund Balance	(78,112,626)	(83,036,429)	10,894,840	(93,931,269)
Fund Balance, Beginning	129,112,626	129,284,121	129,284,121	-
Fund Balance, Ending	\$ 51,000,000	\$ 46,247,692	\$ 140,178,961	\$ (93,931,269)

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, 2016**

	Federal Economic Stimulus			Variance with Final Budget - Under (Over)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Federal Through State Sources:				
Other Federal Through State Grants	\$ 58,138	\$ 57,180	\$ 57,180	\$ -
Total Federal Through State Sources	<u>58,138</u>	<u>57,180</u>	<u>57,180</u>	<u>-</u>
 Total Revenues	 <u>58,138</u>	 <u>57,180</u>	 <u>57,180</u>	 <u>-</u>
EXPENDITURES				
Current				
Instruction and Curriculum Development Services	53	40	40	-
Instructional Staff Training Services	43,569	43,569	43,569	-
Instruction Related Technology	-	-	-	-
General Administration	1,919	2,210	2,210	-
School Administration	-	-	-	-
Central Services	<u>12,597</u>	<u>11,361</u>	<u>11,361</u>	<u>-</u>
 Total Expenditures	 <u>58,138</u>	 <u>57,180</u>	 <u>57,180</u>	 <u>-</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 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, 2016

		Governmental Activities- Internal Service Funds
<hr/>		
ASSETS		
Current Assets		
Cash	\$	12,324,948
Investments		50,324,141
Due from Governmental Funds		15,096,990
Total Current Assets		<u>77,746,079</u>
Noncurrent Assets		
Restricted Cash with Fiscal Agent		300,000
Furniture, Fixtures and Equipment		9,497
Less Accumulated Depreciation		(2,685)
Total Noncurrent Assets		<u>306,812</u>
Total Assets		<u>78,052,891</u>
LIABILITIES		
Current Liabilities		
Accounts Payable		431,647
Advanced Revenue		10,142,326
Estimated Insurance Claims Payable		10,847,483
Liability for Compensated Absences		18,758
Total Current Liabilities		<u>21,440,214</u>
Long-Term Liabilities		
Estimated Insurance Claims Payable		<u>10,950,471</u>
Total Liabilities		<u>32,390,685</u>
NET POSITION		
Invested in Capital Assets		6,812
Restricted for Claims		300,000
Unrestricted		45,355,394
Total Net Position	\$	<u>45,662,206</u>

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

**THE SCHOOL DISTRICT OF LEE COUNTY
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2016**

	Governmental Activities- Internal Service Funds
	Funds
OPERATING REVENUES	
Premium Revenue	\$ 88,303,330
Other Operating Revenues	15,027
Total Operating Revenues	88,318,357
OPERATING EXPENSE	
Salaries	292,698
Employee Benefits	90,865
Purchased Services	13,629,449
Materials and Supplies	2,622
Noncapitalized Equipment	292,019
Insurance Claims	79,333,719
Depreciation	801
Total Operating Expenses	93,642,173
Operating Loss	(5,323,816)
NONOPERATING REVENUES	
Interest Income	180,808
Total Nonoperating Revenues	180,808
Changes in Net Position	(5,143,008)
Net Position - July 1, 2015	50,805,214
Net Position - June 30, 2016	\$ 45,662,206

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, 2016

		Governmental Activities- Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers, Users and Participants	\$	106,674,976
Cash Payments to Suppliers for Goods and Services		(13,952,584)
Cash Payments to Employees for Services		(376,769)
Cash Payments for Insurance Claims		(76,044,707)
		16,300,916
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Pooled Investments		(5,177,956)
Interest on Investments		180,808
		(4,997,148)
Net Cash used by Investing Activities		(4,997,148)
Net Increase in Cash and Cash Equivalents		11,303,768
Cash and Cash Equivalents, Beginning		1,321,180
Cash and Cash Equivalents, Ending	\$	12,624,948
 Reconciliation of Operating Loss to Net Cash provided by Operating Activities		
Operating Loss	\$	(5,323,816)
Adjustments to Reconcile Operating Income to Net Cash provided by Operating Activities:		
Depreciation		801
Change in Assets and Liabilities:		
Decrease in Due from Governmental Funds		17,759,453
Decrease in Accounts Payable		(27,417)
Decrease in Due to Governmental Funds		(1,077)
Increase in Advanced Revenue		597,165
Increase in Estimated Insurance Claims Payable		3,289,012
Increase in Liability for Compensated Absences		6,795
Total Adjustments		21,624,732
Net Cash provided by Operating Activities	\$	16,300,916

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, 2016

	Fiduciary Funds
	Agency Funds
ASSETS	
Cash	\$ 1,309,631
Investments	6,300,927
Accounts Receivable	310,191
Inventory	388,864
Total Assets	\$ 8,309,613
LIABILITIES	
Accounts Payable and Other Current Liabilities	\$ 432,762
Due to Student Organizations and Other Agencies	7,876,851
Total Liabilities	\$ 8,309,613

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, 2016

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: Florida Southwestern Collegiate High School, Oasis Elementary School, Oasis Middle School, Christa McAuliffe Elementary School, and Oasis 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.

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

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

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 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 twenty charter schools operating within the District that met 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 independent certified public accountants and are on file at the District's administrative office.

The twenty component unit charter schools in operation at fiscal year-end are listed below:

Accelerated Educational Services, Inc. - The school's charter was granted March 11, 2014, for a grade 6-8 school. As of June 30, 2016, the school was a grade 6-8 school. The school is located in Fort Myers, Florida.

Bonita Springs Preparatory and Fitness Academy, Inc. – The school's charter was granted September 23, 2008, for a grade K-8 school. As of June 30, 2016, 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 grade K-8 school. As of June 30, 2016, the school was a grade 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, 2016, 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 grade K-8 school. As of June 30, 2016, the school was a grade K-8 school. The school is located in Cape Coral, Florida.

City of Palms Charter High School, Inc. – The school's charter was granted October 25, 2005, for a grade 9-12 school. As of June 30, 2016, the school was a grade 9-12 school. The school is located in Fort Myers, Florida.

Coronado High School – The school's charter was granted October 23, 2007, for a grade 9-12 school. As of June 30, 2016, the school was a grade 9-12 school. The school is located in Fort Myers, Florida.

DJB Technical Academy, Inc. - The school's charter was granted March 12, 2013, for a grade 9-12 school. As of June 30, 2016, 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, 2016

Fort Myers Preparatory and Fitness Academy, Inc. – The school’s charter was granted October 23, 2007, for a grade K-8 school. As of June 30, 2016, 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, 2016, 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, 2016, 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, 2016, 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, 2016, the school was a grade 9-12 school. The school is located in Fort Myers, Florida.

Island Park Charter High School, Inc. – The school’s charter was granted April 01, 2014, for a grade 9-12 school. As of June 30, 2016, 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, 2016, the school was a grade K-5 school. The school is located on Gasparilla Island in Boca Grande, Florida.

Northern Palms Charter High School - The school’s charter was granted April 28, 2015, for a grade 9-12 school. As of June 30, 2016, the school was a grade 9-12 school. The school is located in North Fort Myers, Florida.

North Nicholas High School - The school’s charter was granted October 23, 2007, for a grade 9-12 school. As of June 30, 2016, the school was a grade 9-12 school. The school is located in Cape Coral, Florida.

Palm Acres Charter High School, Inc. – The school’s charter was granted March 11, 2014, for a grade 9-12 school. As of June 30, 2016, the school was a grade 9-12 school. The school is located in Lehigh Acres, Florida.

Pivot Charter High School – The school’s charter was granted October 20, 2009, for a grade 9-12 school. As of June 30, 2016, the school was a grade 9-12 school. The school is located in Fort Myers, Florida.

Six Mile Charter Academy – The school’s charter was granted August 10, 2004, for a grade K-8 school. As of June 30, 2016, the school was a grade K-8 school. The school is located in Fort Myers, Florida.

Change in Reporting Entity

The Component Unit Beginning Net Position has been adjusted for the inclusion of Northern Palm Charter High School. This was the first year Northern Palm Charter High School operated as a charter school. Also, Cape Preparatory & Fitness Academy and Pivot Charter High School’s beginning Net Position has been adjusted due to accounting changes. As a result of these changes in reporting, the net position of the component units as a whole has been adjusted as follows:

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

Net Position- Beginning of year, as previously reported	\$	(564,607)
Adjustment for Effect of Change in Reporting Entity		
Net Position- Beginning of year-		
Cape Preparatory & Fitness Academy		4,914
Northern Palm Charter High School		(3,374)
Pivot Charter High School		(482,048)
Net Position-Beginning of year, adjusted	\$	(1,045,115)

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. *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 (e.g., 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, 2016

- *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 Qualified School Construction Bonds.
- *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.

Additionally, the District reports the following fund types:

- *Internal Service Funds* account for the self-insurance programs.
- *Agency Funds* account 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.

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 judgments and compensated

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

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.

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

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

Budgetary Basis Accounting

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

- Budgets are prepared, public hearings are held, and original budgets are adopted annually for all governmental fund types in accordance with procedures and time intervals prescribed by law and State Board of Education rules.

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

- Appropriations are controlled at the function level (e.g., instruction, student 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, 2016, 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.

Restricted Cash with Fiscal Agent

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

Investments

Investments are stated at fair value, based on quoted market prices or recognized pricing sources. Investments consist of direct obligations of the United States Treasury, corporate notes, money market funds, municipal obligations, amounts placed with the Florida Prime debt service accounts for investment of debt service moneys, and amounts placed for participation in the Florida PRIME, Florida Cooperative Liquid Asset Security System (FLCLASS) and Florida Education Investment Trust Fund (FEITF) investment pools created by Sections 218.405 and 218.417, Florida Statutes. These investment pools operate under investment guidelines established by Section 215.47, Florida Statutes.

The District's investments in Florida PRIME, FLCLASS and FEITF which are Securities and Exchange Commission Rule 2a7-like external investment pools, as of June 30, 2016, 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.

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

Fair Value Measurement

The district categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2016

the asset. Level 1 inputs are quoted process in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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.

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 column on the government-wide financial statements but are not reported in the governmental fund financial statement. The District defines capital assets as assets with an initial individual cost of \$1,000 or more. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated assets are recorded at their estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized. Interest costs incurred during construction of capital assets are not considered material and are not capitalized as part of the cost of construction.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

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

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

Pensions

In the government-wide statement of net position, liabilities are recognized for the District’s proportionate share of each pension plan’s net pension liability. For purposes of measuring the net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) defined benefit plan and additions to/deductions from the FRS’s and the HIS’s fiduciary net position have been determined on the same basis as they are reported by the FRS and the HIS plans. For this

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

purpose the net pension liability is measured using the FRS Comprehensive Annual Financial Report for the 2015 fiscal year. Investment are report at fair value.

The District's retirement plans and related amounts are 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 and payments to refunded bond escrow agents 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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The District has two items that qualifies for reporting in this category. The first is the deferred amount on refunding reported in the government-wide statement of net position. A deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second is the deferred amount on pension reported in the government-wide statement of net position. A deferred amount on pension results from the difference in the expected and actual amounts of experience, earnings and contributions. This amount is deferred and amortized over the service life of all employees that are provided with pensions through the pension plan except earnings which are amortized over 5 years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(revenue) until that time. The District has three items that qualify for reporting in this category. The first is the deferred amount on refunding reported in the government-wide statement of net position. A deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second is the deferred amount on pension reported in the government-wide statement of net position. A deferred amount on pension results from the difference in the expected and actual amounts of experience, earnings and contributions. This amount is deferred and amortized over the service life of all employees that are provided with pensions through the pension plan except earnings which are amortized over 5 years. The third item is the unavailable revenue from the State of Florida for Capital Outlay & Debt Service revenue that qualifies as a deferred inflow of resources and it is shown in the governmental funds Balance Sheet under the modified accrual basis of accounting.

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

Fund Balance/Net Position

In the fund financial statements, governmental funds report constraints on the use of fund balance for amounts that are not spendable, are legally restricted by outside parties for use for a specific purpose, or have self-imposed constraints for use for a specific purpose.

Net position in the government-wide financial statements is 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.

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

Reclassifications

Certain amounts in the 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 receiving an encumbrance authorization from the Department. Accordingly, the District recognizes the allocation of Public Education Capital Outlay funds as advanced 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 SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
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The Board adopted the 2015 tax levy on September 08, 2015. 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 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.

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

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

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, 2016, the carrying amount of the District's bank deposits was \$112,423,580 and the respective bank balances totaled \$118,327,728. As of June 30, 2016, the carrying amount of the Agency Fund's bank deposits was \$1,309,631.

2-B. Investments

The District's investment policy permits investments in the Florida Prime Local Government Surplus Funds Trust Fund, Florida Cooperative Liquid Asset Security System, Florida Education Investment Trust Fund, securities of the United States Government, U.S. Government Agencies, Federal instrumentalities, interest bearing time deposit or savings accounts, repurchase agreements, commercial paper, corporate notes, bankers' acceptances, state and/or local government debt, and money market mutual funds. The District's investment advisor used the effective duration method to calculate effective duration measures for the securities held by the District. Besides measuring the sensitivity of the securities market value to changes in interest rates, the effective duration method accounts for any call (early redemption) features which a security may have.

All of the District's recurring fair value measurements as of June 30, 2016 are valued using a matrix pricing model (Level 2 inputs).

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THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

As of June 30, 2016, the District had the following investments:

	Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
United States Treasury Securities	\$ 73,913,182	\$ -	\$ 73,913,182	\$ -
Obligations of United States Government Agencies and Instrumentalities	5,521,109	-	5,521,109	-
Bonds and Notes	18,558,990	-	18,558,990	-
Total investments by fair value level	<u>\$ 97,993,281</u>	<u>\$ -</u>	<u>\$ 97,993,281</u>	<u>\$ -</u>
Investments measured at amortized cost				
External Investment Pool:				
SBA Florida PRIME ¹	165,500,804			
Florida Education Investment Trust Fund	10,009,917			
Florida Cooperative Liquid Assets Security System	10,009,511			
Money Market Funds	5,467,346			
Total investments measured at amortized cost	<u>190,987,578</u>			
Total District Investments, Primary Government	<u>\$ 288,980,859</u>			
Agency Fund				
SBA Florida PRIME ¹	<u>\$ 6,300,927</u>			

Note (1) At June 30, 2016, investments totaling \$9,056,048 are held under trust agreements in connection with Certificates of Participation, Series 2006A, 2008B, 2010, 2011QSCB, 2012B/C, 2013A, and 2014A/B financing agreements. (See Note 7.)

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

2-C. Investments – Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. To limit exposure to fair value losses resulting from increases in interest rates, the District’s Investment Policy limits operating funds to maturities of one year or less. Investments of reserves, project funds, debt proceeds and other non-operating funds ("core funds") shall have a term appropriate to the need for funds and in accordance with debt covenants, but in no event shall exceed five (5) years and the average duration of the funds as a whole may not exceed three (3) years.

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
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The maturity of Florida PRIME, FLCLASS, and FEITF investment pools are 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. As of June 30, 2016, the WAM for Florida Prime is 39 days, FLCLASS is 56 days and FEITF is 41 days.

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 Florida Prime Local Government Surplus 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. As of June 30, 2016, the District had investments totaling \$165,500,804 in Florida PRIME are had an AAAM rating by Standard and Poor's and are reported at fair value; \$10,009,511 in FLCLASS which had an AAAM rating by Standard and Poor's and are reported at fair value; and \$10,009,917 in FEITF which had an AAAM rating by Standard and Poor's and are reported at fair value.
- b. Direct Obligations of U.S. Treasury which are unconditionally guaranteed by the United States Government. The maximum length to maturity for direct obligations of US Treasuries shall be five (5) years from the date of purchase. As of June 30, 2016, the District held \$73,913,182 of US Treasuries of which had an S&P rating of AA+.
- c. Corporate notes purchased for investment must be issued by corporations organized and operating within the United States or by depository institutions licensed by the United States that have a long term rating, at the time of purchase, at a minimum single A category by any two nationally recognized rating agencies. The maximum length to maturity for corporate notes shall be five (5) years from the date of purchase. As of June 30, 2016, the District held \$18,558,990 of corporate notes of which had an S&P rating between A and AA+.
- d. Municipal Obligations purchased for investment is a general obligation or revenue obligation of any state of the United States, the District of Columbia, or any territorial possession of the United States or of any political subdivision, institution, department, agency, instrumentality, or authority of any such governmental entities, that have a long term rating, at the time of purchase, at a minimum single A category by any two nationally recognized rating agencies. The maximum length to maturity for corporate notes shall be five (5) years from the date of purchase. As of June 30, 2016, the District held \$5,521,109 of municipal obligations of which had an S&P rating between AA and AAA.
- e. U.S. Federal Government Agency Securities.
- f. U.S. Government - Sponsored Agencies/Federal Instrumentalities.
- g. 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.
- h. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency. As of June 30, 2016, the District had investments in US Bank First American Government Obligation Class Y Money Market Funds with a fair value

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
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- of \$104, which were rated AAAM by Standard and Poor's; and Fidelity Institutional Prime Class I Money Market Fund with a fair value of \$5,467,242, which were rated AAAM by Standard and Poor's.
- i. 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.
 - j. Passbook savings accounts and interest bearing time deposits with banks organized under the laws of the State of Florida or in banks doing business in the State of Florida.

2-E. Investments – Custodial Credit Risk

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. The District's investment policy requires that all securities, with the exception of certificates of deposit, be held with a third party custodian; and all securities purchased by, and all collateral obtained by the District should be properly designated as an asset of the District. The securities must be held in an account separate and apart from the assets of the financial institution. A third party custodian is defined as any bank depository chartered by the Federal Government, the State of Florida, or any other state or territory of the United States which has a branch or principal place of business in the State of Florida as defined in § 658.12, F.S., 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 the State of Florida. Certificates of deposit will be placed in the provider's safekeeping department for the term of the deposit. Security transactions between a broker/dealer and the custodian involving the purchase or sale of securities by transfer of money or securities are made on a "delivery vs. payment" basis, if applicable, to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction. As of June 30, 2016, the District's investment portfolio was held with a third-party custodian.

Funds held by US Bank First American Government Obligation Class Y Money Market 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 attributed to the magnitude of the District's investment in a single issuer. The District's Investment Policy specifies the maximum percentage allocation to any single investment type as well as the maximum percentage holding per issuer. Up to 100% of the portfolio may be invested in U.S. Government securities, 75% may be invested in Federal Instrumentalities (US government sponsored agencies) with no more than 25% with a single issuer and 50% may be invested in US government agencies with no more than 10% with a single issuer. Corporate Notes are limited to 20% of the portfolio with no more than 5% with a single issuer.

As of June 30, 2016, all District investments were in compliance with the District's Investment Policy and did not exceed portfolio allocation or issuer maximums.

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 3: DUE FROM OTHER AGENCIES

The majority of receivables are due from other agencies. These receivables and the remaining accounts receivable are considered to be fully collectable. As such, no allowance for uncollectible accounts receivable is recorded. At June 30, 2016, the District has recorded due from other agencies as follows:

	General Fund	Participation/ Impact Fees/ State Grants Fund	Non-major Governmental Funds	Total
Federal and State Sources				
Florida Retirement System	\$ 261,403	\$ -	\$ -	\$ 261,403
Fuel Tax	-	162,538	-	162,538
Grants and Entitlements	493,858	-	1,863,800	2,357,658
Medicaid	824,764	-	-	824,764
Motor Vehicle License Tax	-	-	23,854	23,854
ROTC	102,866	-	-	102,866
State License Tax	23,987	-	-	23,987
Meal Claims	-	-	1,662,551	1,662,551
Local Sources				
Impact fees	-	1,945,178	-	1,945,178
Other	38,178	-	-	38,178
Total	\$ 1,745,056	\$ 2,107,716	\$ 3,550,205	\$ 7,402,977

NOTE 4: CONSTRUCTION AND OTHER CONTRACT COMMITMENTS

Construction Commitments

The following is a summary of major construction commitments as of June 30, 2016.

PROJECTS	Original Contract	Completed to date 6/30/2016	Balance Committed 6/30/2016
New HS LLL #7045			
Contractor	\$ 28,690	\$ 28,690	\$ -
Others	30,000	21,876	8,124
 Playground	 17,677	 12,562	 5,115
 Total	 \$ 76,367	 \$ 63,128	 \$ 13,239

Encumbrances

Appropriations in governmental fund types are encumbered upon issuance of purchase orders for goods and/or services. Even though appropriations lapse at the end of the fiscal year, unfilled purchase orders of the current

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2016

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, 2016, the District has recorded encumbrances as follows:

Funds	Encumbrances
Major Funds:	
General	\$ 1,762,470
Capital Projects:	
Local Capital Improvements Tax	15,797,730
Certificates of Participation/Impact Fees/State Grants	66,923
Non-major Governmental Funds	2,568,871
Total	\$ 20,195,994

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THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 5: CAPITAL ASSETS

Capital asset balances and activities for the fiscal year ended June 30, 2016, were as follows:

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
Governmental activities:				
<i>Capital Assets not being depreciated</i>				
Land	\$ 168,957,526	\$ -	\$ -	\$ 168,957,526
Construction in Progress	135	69,941	(6,948)	63,128
Total Capital Assets not being depreciated	<u>168,957,661</u>	<u>69,941</u>	<u>(6,948)</u>	<u>169,020,654</u>
<i>Capital Assets being depreciated</i>				
Improvements other than Buildings	45,331,036	825,425	(15,000)	46,141,461
Buildings	1,497,206,212	42,003	(34,000)	1,497,214,215
Furniture, Fixtures and Equipment	85,712,800	4,642,539	(5,366,136)	84,989,203
Motor Vehicles	76,667,243	5,299,907	(1,767,958)	80,199,192
Audio Visual Materials	116,709	1,250	-	117,959
Software	33,061,653	1,607,368	(4,678,315)	29,990,706
Total Capital Assets being depreciated	<u>1,738,095,653</u>	<u>12,418,492</u>	<u>(11,861,409)</u>	<u>1,738,652,736</u>
<i>Less accumulated depreciation for:</i>				
Improvements other than Buildings	17,192,307	1,614,057	(8,500)	18,797,864
Buildings	453,238,951	35,377,898	(34,000)	488,582,849
Furniture, Fixtures and Equipment	63,354,479	6,354,009	(4,977,882)	64,730,606
Motor Vehicles	66,535,016	4,785,492	(1,767,584)	69,552,924
Audio Visual Materials	85,936	11,479	-	97,415
Software	16,869,740	1,409,928	(4,659,459)	13,620,209
Total accumulated depreciation	<u>617,276,429</u>	<u>49,552,863</u>	<u>(11,447,425)</u>	<u>655,381,867</u>
Capital Assets being depreciated, Net	<u>1,120,819,224</u>	<u>(37,134,371)</u>	<u>(413,984)</u>	<u>1,083,270,869</u>
Governmental Activities Capital Assets, Net:	<u>\$ 1,289,776,885</u>	<u>\$ (37,064,430)</u>	<u>\$ (420,932)</u>	<u>\$ 1,252,291,523</u>

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
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Depreciation expense was charged to governmental functions as follows:

Governmental Function	Amount
Instruction	\$ 1,334,973
Student Support Services	50,192
Instructional Media Services	14,130
Instruction and Curriculum Development Services	14,324
Instructional Staff Training Services	5,470
Instruction Related Technology	2,857
General Administration	8,142
School Administration	45,005
Facilities Services	46,484,569
Fiscal Services	1,337
Food Services	722,379
Central Services	79,661
Student Transportation Services	371,199
Operation of Plant	59,105
Maintenance of Plant	218,501
Administrative Technology Services	101,529
Community Services	39,490
Total Depreciation Expense- Governmental Functions	\$ 49,552,863

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THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

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	\$ 1,905,899	\$ 15,562,469
Non-major Governmental Funds	200,762	1,641,182
Proprietary Funds	15,096,990	-
Total	\$ 17,203,651	\$ 17,203,651

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	\$ 12,477,285	\$ -
Debt Service Fund:		
Certificates of Participation	39,815,770	8
ARRA Economic Stimulus	2,021,994	-
Capital Projects:		
Local Capital Improvements Tax	-	51,837,756
Certificates of Participation/Impact Fees/State Grants	-	2,477,285
Total	\$ 54,315,049	\$ 54,315,049

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, 2016

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 2006A (original issue: \$94,790,000); 2008B (original issue: \$60,000,000); 2010A (original issue: \$23,298,000); 2011A-QSCB (original issue: \$27,009,000); Series 2012B (original issue: \$149,015,000); Series 2012C (original issue: \$16,240,000); Series 2013A (original issue: \$25,287,000); Series 2014A (original issue: \$72,340,000) and Series 2014B (original issue: \$60,220,000); be repaid from the proceeds of rents paid by the District.

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

Series 2006A

Two Elementary Schools
Seven Additions to Existing Schools

Series 2008A

Six Elementary Schools
One Middle School
One High School

Series 2009A

One Elementary School
One Middle School
One High School

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
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June 30, 2016

Series 2010A

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

Series 2011A-QSCB

One Elementary School
One Middle School

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

Series 2013A

Four Elementary Schools
One Middle School
Two High Schools
One Specialty School
Two Building Conversions
New Administration Building
Vocational School Addition
Seven Additions to Existing Schools

Series 2014A

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

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Series 2014B

Two Elementary Schools

Seven Additions to Existing Schools

The lease payments are payable by the District semi-annually on December 31 and June 30 except for the Series 2012C which is payable on December 1 and June 1, at interest rates ranging from 1.91 to 4.75 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>
2017	\$ 38,197,756	\$ 24,251,000	\$ 13,946,756
2018	38,169,022	25,284,000	12,885,022
2019	36,873,096	25,034,000	11,839,096
2020	25,458,979	14,710,000	10,748,979
2021	53,120,479	43,160,000	9,960,479
2022-2026	219,511,501	187,925,000	31,586,501
2027-2028	63,764,136	59,565,000	4,199,136
Total Minimum Lease Payments	475,094,969	379,929,000	95,165,969
Add: Unamortized Premium/Discount, net	1,283,806	1,283,806	
Total Certificates of Participation Payable	<u>\$ 476,378,775</u>	<u>\$ 381,212,806</u>	<u>\$ 95,165,969</u>

All Certificates of Participation issued are subject to arbitrage rebate. At June 30, 2016, there was no arbitrage rebate liability.

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THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
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7-B. Notes Payable

Notes payable are comprised of the following:

	Balance at 6/30/16
<u>Bank of America Bank Loan</u>	
\$3,451,257 borrowed 8-21-06, under provisions of Section 1013.23, Florida statutes. Interest rate of 6.28%. Proceeds used to complete energy efficiency measures at various school sites. The Board repaid \$397,850 during the 2015-16 fiscal year.	\$ 452,357
<u>Capital One Bank Loan</u>	
\$6,306,547 borrowed 9-22-08, under provisions of Section 1013.23, Florida statutes. Interest rate of 4.46%. Proceeds used to complete energy efficiency measures at various school sites. The Board repaid \$623,330 during the 2015-16 fiscal year.	2,479,733
<u>Bank of America Bank Loan</u>	
\$1,447,460 borrowed 9-27-12, under provisions of Section 1013.23, Florida statutes. Interest rate of 1.64%. Proceeds used to complete energy efficiency measures at various school sites. The Board repaid \$148,529 during the 2015-16 fiscal year.	<u>1,001,833</u>
Total Notes Payable	<u>\$ 3,933,923</u>

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THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
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Amounts needed for the planned extended repayment of Section 1013.23, Florida Statutes, bank loans as of June 30, 2016 are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
Notes Payable			
2017	\$ 1,418,831	\$ 1,297,021	\$ 121,810
2018	1,013,927	937,643	76,284
2019	1,004,308	965,598	38,710
2020	370,129	361,124	9,005
2021	168,758	163,877	4,881
2022-2023	210,949	208,660	2,289
Total Notes Payable	<u>\$ 4,186,902</u>	<u>\$ 3,933,923</u>	<u>\$ 252,979</u>

7-C. Bonds Payable

The following is a description of bonded debt issues:

State School Bonds: The SBE 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 SBE Bonds. The original amount of SBE bonds issued was \$8,281,000. The State Board of Education and the SBA administer principal and interest payments, investment of debt service fund resources, and compliance with reserve requirements.

Bonds payable at June 30, 2016, are as follows:

Bond Type	Amount Outstanding	Interest Rate (Percent)	Annual Maturity to
State School Bonds			
Series 2009A	\$ 325,000	5.00	2019
Series 2010A	215,000	4.00-5.00	2022
Series 2011A	620,000	3.00-5.00	2023
Series 2014A	843,000	3.00-5.00	2024
Series 2014B	<u>3,492,000</u>	2.00-5.00	2020
Sub-total	5,495,000		
Add: Unamortized Premium/Discount, net	<u>287,782</u>		
Total Bonds Payable	<u>\$ 5,782,782</u>		

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
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The annual requirements to amortize all bonded debt outstanding as of June 30, 2016, including interest payments, are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
State School Bonds			
2017	\$ 2,057,480	\$ 1,794,000	\$ 263,480
2018	2,059,550	1,885,000	174,550
2019	583,300	503,000	80,300
2020	475,500	420,000	55,500
2021	288,350	248,000	40,350
2022-2024	696,600	645,000	51,600
Sub-total Bonds Payable	6,160,780	5,495,000	665,780
Add: Unamortized Premium/Discount, net	287,782	287,782	-
Total Bonds Payable	<u>\$ 6,448,562</u>	<u>\$ 5,782,782</u>	<u>\$ 665,780</u>

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

Noncurrent liability balances and activity for the year ended June 30, 2016, were as follows:

	Balance 6/30/2015	Additions	Deductions	Balance 6/30/2016 *	Amounts Due Within One Year
Governmental Activities					
<i>Long-Term Debt</i>					
Bonds Payable	\$ 7,169,000	\$ -	\$ 1,674,000	\$ 5,495,000	\$ 1,794,000
Bond Premium	353,930	-	66,148	287,782	-
Certificates of Participation Payable	403,847,000	-	23,918,000	379,929,000	24,251,000
Certificates of Participation Premium	3,581,583	-	1,063,186	2,518,397	-
Certificates of Participation Discount	(1,489,617)	-	(255,026)	(1,234,591)	-
Notes Payable	5,165,795	-	1,231,872	3,933,923	1,297,021
Total Long-Term Debt	418,627,691	-	27,698,180	390,929,511	27,342,021
<i>Other Noncurrent Liabilities</i>					
Estimated Early Retirement Payable	1,277,000	2,000	-	1,279,000	200
Net Pension Liability	190,692,630	162,529,666	79,860,542	273,361,754	5,243,773
Estimated Insurance Claims Payable	18,508,942	79,333,719	76,044,707	21,797,954	10,847,483
Postemployment Benefits Payable	27,486,824	5,703,192	3,775,065	29,414,951	-
Liability for Compensated Absences	60,343,190	24,722,789	24,191,438	60,874,541	5,958,573
Total Other Liabilities	298,308,586	272,291,366	183,871,752	386,728,200	22,050,029
Total Noncurrent Liabilities	\$ 716,936,277	\$ 272,291,366	\$ 211,569,932	\$ 777,657,711	\$ 49,392,050

* Payments on the bonds and notes payable are made by the debt service fund. Payments on the estimated insurance claims payable are made by the Internal Service Fund. The early retirement payable and compensated absences liabilities will be liquidated by several of the governmental funds.

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, an \$18,758 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, 2016

NOTE 8: 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 that are considered nonspendable. The District does not have any nonspendable funds related to prepaid items or 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 totaling \$3,219,259 that are classified as nonspendable.

The District has classified the remaining fund balances as *Restricted*, *Assigned*, and *Unassigned* and considers each to have been spent when expenditures are incurred. The District does not have a policy regarding the commitment or assignment of fund balances. As such, the District does not report any committed fund balance. However, certain actions taken by the District qualify as an assignment of fund balance in accordance with GASB Statement No. 54. Included in assigned fund balance is an amount for purchase order obligations outstanding that have not been already included as restricted fund balance.

• **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 \$142,883,611 and represented \$19,736,496 in State required carryover programs, \$19,475,160 in food service, \$9,511,078 in debt service and \$94,160,877 in capital projects.

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
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 June 30, 2016

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

The assigned fund balances total \$1,685,017. In accordance with GASB Statement No. 54, the District reports outstanding encumbrances, of \$1,685,017, that have not been previously reported as restricted or assigned. Encumbrances are supported by outstanding purchase orders issued through the established Board approved budget process.

• **Unassigned:**

The unassigned fund balance in the General Fund is \$116,229,361.

NOTE 9: SCHEDULE OF STATE REVENUE SOURCES

The following is a schedule of the District’s State revenue for the 2015-16 fiscal year:

<u>Source</u>	<u>Amount</u>
Florida Education Finance Program	\$ 165,767,538
Categorical Educational Programs:	
Class Size Reduction	99,525,290
Workforce Development Program	10,026,007
Motor Vehicle License Tax (Capital Outlay and Debt Service)	3,618,327
Charter School Capital Outlay Funding	2,477,285
Public Education Capital Outlay (PECO)	1,277,972
Food Service Supplement	562,875
State License Tax	493,900
Sales Tax Distribution	223,250
Miscellaneous	<u>8,222,106</u>
 Total	 <u><u>\$ 292,194,550</u></u>

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
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NOTE 10: PROPERTY TAXES

The following is a summary of millages and taxes levied on the 2015 tax roll in fiscal year 2015-2016:

	Mills	Amount
<u>General Fund:</u>		
Nonvoted School Tax		
Required Local Effort	5.037	\$ 348,205,784
Basic Discretionary Local Effort	0.748	51,708,939
<u>Capital Projects Funds:</u>		
Nonvoted School Tax		
Local Improvements	1.500	103,694,397
Total	7.285	\$ 503,609,120

NOTE 11: RETIREMENT PLANS – DEFINED BENEFIT PENSION PLANS

The District follows GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, for reporting the employers’ proportionate share of the net pension liabilities for the FRS and HIS defined benefit pension plans.

General Information about the Florida Retirement System (FRS)

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

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

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

actuarial report, and other relevant information, is available from the Florida Department of Management Services' Web site (www.dms.myflorida.com).

The District's pension expense totaled \$20,408,092 for the fiscal year ended June 30, 2016.

Florida Retirement System (FRS) Defined Benefit Pension Plan

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

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Elected County Officers Class* – Members who hold specified elective offices in local government.
- *Senior Management Service Class (SMSC)* – Members in senior management level positions.

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

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>% Value</u>
<i>Regular Class members initially enrolled before July 1, 2011</i>	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
<i>Regular Class members initially enrolled on or after July 1, 2011</i>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
<i>Elected County Officers</i>	3.00
<i>Senior Management Service Class</i>	2.00

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

Contributions. The State of Florida establishes contribution rates for participating employers and employees. Contribution rates during the 2015-16 fiscal year were as follows:

Class	Employee Contribution (Percent of Gross Salary)	Employer Contribution (Percent of Gross Salary)
Florida Retirement System, Regular	3.00	7.26
Florida Retirement System, Elected County Officers	3.00	42.27
Florida Retirement System, Senior Management Service	3.00	21.43
Deferred Retirement Option Program		
(Applicable to members from all of the above classes)	0.00	12.88
Florida Retirement System, Re-Employed Retiree, Regular	(A)	(A)

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

Note: Employer rates include the post-employment health insurance subsidy of 1.66 percent. Also, employer rates, other than for DROP participants, include 0.04 percent for administrative costs of the Investment Plan.

The District's contributions including employee contributions to the defined-benefit pension plan totaled \$32,766,397 for the fiscal years ended June 30, 2016. This excludes the HIS defined benefit pension plan contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2016, the District reported a liability of \$130,490,889 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
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liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The District's proportionate share of the net pension liability was based on the District's 2014-15 fiscal year contributions relative to the total 2014-15 fiscal year contributions of all participating members. At June 30, 2015, the District's proportion was 1.010277504 percent, which was an increase of .008269022 from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$9,587,321. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,775,974	\$ 3,094,847
Change of assumptions	8,661,118	-
Net difference between projected and actual earnings on pension plan investments	-	31,159,041
Changes in proportion and differences between District contributions and proportionate share of contributions	1,314,047	-
District contributions subsequent to the measurement date	23,040,537	-
Total	\$ 46,791,676	\$ 34,253,888

The deferred outflows of resources related to pensions, totaling \$23,040,537, resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2017	\$ (3,892,347)
2018	(3,892,347)
2019	(3,892,347)
2020	(3,892,347)
2021	3,897,414
Thereafter	1,169,224

Actuarial Assumptions. The total pension liability in the July 1, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary Increases	3.25 percent, average, including inflation
Investment rate of return	7.65 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB, with adjustments for mortality improvements based on Scale AA.

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
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The actuarial assumptions used in the July 01, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

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

<u>Asset Class</u>	<u>Target Allocation¹</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.00%	3.20%	3.10%	1.70%
Fixed Income	18.00%	4.80%	4.70%	4.70%
Global Equity	53.00%	8.50%	7.20%	17.70%
Strategic Investments	12.00%	6.70%	6.10%	11.40%
Private Equity	6.00%	11.90%	8.20%	30.00%
Real estate (Property)	10.00%	6.80%	6.20%	12.00%
Total	<u>100.00%</u>			
Assumed inflation - Mean		2.60%		1.90%

¹ As outlined in the Plan's investment policy

Discount Rate. The discount rate used to measure the total pension liability was 7.65 percent. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.65 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.65percent) or 1-percentage-point higher (8.65 percent) than the current rate:

	1% Decrease 6.65%	Current Discount Rate 7.65%	1% Increase 8.65%
District's proportionate share of the net pension liability	<u>\$ 338,131,407</u>	<u>\$ 130,490,889</u>	<u>\$ (42,300,127)</u>

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

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
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Payables to the Pension Plan. At June 30, 2016, the District reported a payable of \$4,003,436 for the outstanding amount of contributions to the pension plan required for the fiscal year ended June 30, 2016.

Health Insurance Subsidy (HIS) Defined Benefit Pension Plan

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

Benefits Provided. For the fiscal year ended June 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS plan benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

Contributions. The HIS Program is funded by required contributions from FRS participating employers as set by the Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2016, the contribution rate was 1.66 percent of payroll pursuant to section 112.363, Florida Statutes. The District contributed 100 percent of its statutorily required contributions for the current and preceding three years. HIS contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The District's contributions to the HIS defined-benefit pension plan totaled \$7,224,589 for the fiscal years ended June 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2016, the District reported a liability of \$142,870,865 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The District's proportionate share of the net pension liability was based on the District's 2014-15 fiscal year contributions relative to the total 2014-15 fiscal year contributions of all participating members. At June 30, 2015, the District's proportion was 1.400910797 percent, which was an increase of .015327949 from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$10,820,771 related to the HIS Plan. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
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Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Change of assumptions	11,240,208	-
Net difference between projected and actual earnings on HIS pension plan investments	77,340	-
Changes in proportion and differences between District HIS contributions and proportionate share of contributions	1,189,637	77,839
District contributions subsequent to the measurement date	7,224,589	
Total	\$ 19,731,774	\$ 77,839

The deferred outflows of resources relating to pensions, totaling \$7,224,589, resulting from District contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2017	\$ 2,011,594
2018	2,011,594
2019	2,011,594
2020	2,011,594
2021	1,992,259
Thereafter	2,390,711

Actuarial Assumptions. The total pension liability in the July 1, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary Increases	3.25 percent, average, including inflation
Municipal bond rate	3.80 percent

Mortality rates were based on the Generational RP-2000 with Projected Scale BB.

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

Discount Rate. The discount rate used to measure the total pension liability was 3.8 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate used to determine the total pension liability decreased from 4.29 percent from the prior measurement date.

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2016

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 3.8 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.8 percent) or 1-percentage-point higher (4.8 percent) than the current rate:

	1% Decrease 2.80%	Current Discount Rate 3.80%	1% Increase 4.80%
District's proportionate share of the net pension liability	\$ 162,794,700	\$ 142,870,865	\$ 126,257,377

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

Payables to the Pension Plan. At June 30, 2016, the District reported a payable of \$1,248,568 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended June 30, 2016.

NOTE 12: RETIREMENT PLANS – DEFINED CONTRIBUTION PENSION PLANS

The District contributes to the FRS Investment Plan (Investment Plan), a defined contribution pension plan, for its eligible employees electing to participate in the Investment Plan. The Investment Plan is administered by the SBA, and is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. District employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Service retirement benefits are based upon the value of the member's account upon retirement. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. . Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the investment member's accounts during the 2015-16 fiscal year were as follows:

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2016

Class	Employee Contribution (Percent of Gross Salary)
Florida Retirement System, Regular	6.30
Florida Retirement System, Elected County Officers	11.34
Florida Retirement System, Senior Management Service	7.67

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five year period, the employee will regain control over their account. If the employee does not return within the five year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2016, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

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

The District's Investment Plan pension expense totaled \$2,880,599 for the fiscal year ended June 30, 2016.

Payables to the Investment Plan. At June 30, 2016, the District reported a payable of \$509,384 for the outstanding amount of contributions to the Investment Plan required for the fiscal year ended June 30, 2016.

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 11, 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. There is no remaining liability reported by the District for the 1997 and 1999 plans as of June 30, 2016.

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

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, a health insurance 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 of \$10,000.

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

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

Contributions

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

The District reported a liability in its Statement of Net Position of \$1,279,000 to recognize the present value of its obligation to pay death benefits to, or on behalf of, those 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

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

participate in the plan at the blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. The postemployment healthcare plan does not issue a stand-alone report and is not included in the report of a Public Employee Retirement System or other entity.

Funding Policy

The District has not advance-funded or established a funding methodology for the annual Other Postemployment Benefit (OPEB) costs or the net OPEB obligation. For the 2015-16 fiscal year, 459 retirees received health care benefits. The District provided contributions of \$3,775,065 toward the annual OPEB cost, comprised of benefit payments made on behalf of retirees net of retiree contributions totaling \$3,259,779, which represents 0.81 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, 2016	2016
Normal cost (service cost for one year)	\$ 2,738,036
Amortization of Unfunded Actuarial Accrued Liability	3,966,462
Interest on Normal Cost and Amortization	-
Annual required Contribution	6,704,498
Interest on Net OPEB Obligation	962,039
Adjustment to ARC	(1,963,345)
Annual OPEB Cost (Expense)	5,703,192
Contribution toward the OPEB cost	(3,775,065)
Increase in Net OPEB Obligation	1,928,127
Net OPEB Obligation, Beginning of year	27,486,824
Net OPEB Obligation, End of year	\$ 29,414,951

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, 2016, and the two preceding years, were as follows:

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	OPEB Obligation
June 30, 2016	\$ 5,703,192	66.2%	\$ 29,414,951
June 30, 2015	\$ 4,694,215	52.0%	\$ 27,486,824
June 30, 2014	\$ 4,517,036	38.8%	\$ 25,232,837

Funded Status and Funding Progress

The funded status of the plan as of January 01, 2016, the most recent actuarial valuation date, was as follows:

Actuarial Accrued Liability (a)	\$ 54,583,462
Actuarial Value of Plan Assets (b)	-
Unfunded Actuarial Accrued Liability (c)=(a-b)	\$ 54,583,462
Funded Ratio (b/a)	0.0%
Covered Payroll (Active Plan Members) (d)	\$ 403,736,889
UALL as a Percentage of Covered Payroll (c/d)	13.5%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of the 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.

In the January 1, 2016 OPEB actuarial valuation, the 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 2.5 percent per year, a payroll growth of 3.5 percent per year, and an annual healthcare cost trend rate of 7 percent for the 2015-16 fiscal year, reduced by .5 percent per year, to a rate of 5 percent in 2021 and increased to an ultimate level of 5.5 percent in 2028. 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

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2016

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, 2016, is 14 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 \$8,316,662 at December 31, 2015 which is recorded as a capital credit receivable 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 in excess of claims amounts above the stated self-insured retention deductible on any individual/aggregate claim. The District has contracted with a third-party administrator to administer the property/casualty program, including the processing, investigation, and payment of claims.

The District provides health coverage through a self-insurance program administered by an outside provider. The District reports the self-insurance programs in the Internal Service Funds. Amounts are transferred from various funds to the Internal Service Funds to provide sufficient resources to cover claims incurred, to pay for the purchase of excess insurance, and to pay the insurance services agent's administrative fees.

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

A liability in the amount of \$15,096,990 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, 2016. A liability in the amount of \$6,700,964 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, 2016.

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

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 June 30, 2016

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
2014-2015	\$ 13,557,770	\$ 8,587,549	\$ (7,987,012)	\$ 14,158,307
2015-2016	14,158,307	8,165,315	(7,226,632)	15,096,990

Health Insurance Self Insurance Fund:

	Beginning of Fiscal Year Liability	Current-Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
2014-2015	\$ 9,648,885	\$ 61,345,920	\$ (66,644,170)	\$ 4,350,635
2015-2016	4,350,635	71,168,404	(68,818,075)	6,700,964

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.

NOTE 18: SUBSEQUENT EVENT

On September 30, 2016, the District entered into a \$20 million lease agreement, with an interest rate of 2.08%, and final maturity on October 21, 2021. The purpose of the lease is for the purchase of 190 school buses.

On October 12, 2016, The District issued \$61.1 million in Certificates of Participation, Series 2016, with interest rates ranging from 2% to 5%, and final maturity on August 1, 2036. The purpose of this certificate is for the construction of a new high school.

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]
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%
January 1, 2014	-	42,134,392	42,134,392	0.0%	391,118,814	10.8%
January 1, 2016	-	54,583,462	54,583,462	0.0%	403,736,889	13.5%

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

Fiscal Year Ending	Annual Required Contribution	Percentage Contributed
June 30, 2013	\$ 5,376,536	35.0%
June 30, 2014	5,134,963	34.0%
June 30, 2015	5,388,118	45.0%
June 30, 2016	6,704,498	56.3%

THE SCHOOL DISTRICT OF LEE COUNTY
 SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY-
 FLORIDA RETIREMENT SYSTEM PENSION PLAN ¹

	2013	2014	2015
District's proportion of the FRS net pension liability (asset)	1.000061253%	1.002008482%	1.010277504%
District's proportionate share of the FRS net pension liability (asset)	\$ 172,155,051	\$ 61,137,253	\$ 130,490,889
District's covered-employee payroll	\$ 330,474,009	\$ 336,077,835	\$ 349,946,960
District's proportionate share of the FRS net pension liability (asset) as a percentage of its covered-employee payroll	52.09%	18.19%	37.29%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	88.54%	96.09%	92.00%

Note 1: The amounts presented for each fiscal year were determined as of June 30.

¹: 2014 was the first year of reporting net pension liability (GASB 68).

THE SCHOOL DISTRICT OF LEE COUNTY
 SCHEDULE OF DISTRICT CONTRIBUTIONS -
 FLORIDA RETIREMENT SYSTEM PENSION PLAN ¹

	2014	2015	2016
Contractually required FRS contribution	\$ 21,948,238	\$ 24,631,424	\$ 23,040,537
FRS contributions in relation to the contractually required FRS contribution	21,948,238	24,631,424	23,040,537
FRS Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 336,077,835	\$ 346,946,960	\$ 354,229,512
FRS contributions as a percentage of covered-employee payroll	6.53%	7.10%	6.50%

Note 1: The amounts presented for each fiscal year were determined as of June 30.

¹ 2014 was the first year of reporting net pension liability (GASB 68).

THE SCHOOL DISTRICT OF LEE COUNTY
 SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY-
 HEALTH INSURANCE SUBSIDY PENSION PLAN ¹

	2013	2014	2015
District's proportion of the HIS net pension liability (asset)	1.386820766%	1.385582848%	1.400910797%
District's proportionate share of the HIS net pension liability (asset)	\$ 120,740,982	\$ 129,555,377	\$ 142,870,865
District's covered-employee payroll	\$ 402,982,342	\$ 411,699,254	\$ 425,054,736
District's proportionate share of the HIS net pension liability (asset) as a percentage of its covered-employee payroll	29.96%	31.47%	33.61%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	1.78%	0.99%	0.50%

Note 1: The amounts presented for each fiscal year were determined as of June 30.

¹ 2014 was the first year of reporting net pension liability (GASB 68).

THE SCHOOL DISTRICT OF LEE COUNTY
 SCHEDULE OF DISTRICT CONTRIBUTIONS-
 HEALTH INSURANCE SUBSIDY PENSION PLAN ¹

	2014	2015	2016
Contractually required HIS contribution	\$ 4,746,541	\$ 5,355,153	\$ 7,224,589
HIS contributions in relation to the contractually required HIS contribution	4,746,541	5,355,153	7,224,589
HIS Contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 411,699,254	\$ 425,054,736	\$ 435,635,339
HIS contributions as a percentage of covered-employee payroll	1.15%	1.26%	1.66%

Note 1: The amounts presented for each fiscal year were determined as of June 30.

¹ 2014 was the first year of reporting net pension liability (GASB 68).

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2016

NOTE 1: SCHEDULE OF FUNDING PROGRESS-OTHER POSTEMPLOYMENT BENEFIT PLAN

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 \$524 per subscriber per month (as expected for the calendar year 2012) to \$520 per subscriber per month for the year beginning January 1, 2014. This is lower than the \$614 per subscriber per month previously projected for this year. This change had a decreasing effect on the cost and liability. Another factor that contributed to this change was the number of retirees currently covered under the health plan decreased from 509 in the last valuation to 459 in the current valuation. This population changes had a decreasing impact on the cost and liability resulting from this valuation. At the same time, the number of active employees increased from 9,397 to 10,060. This population change had an increasing impact on the cost and liability resulting from this valuation.

THE SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2016

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OTHER SUPPLEMENTARY
INFORMATION

**COMBINING AND INDIVIDUAL
FUND STATEMENTS
AND SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Two special revenue funds account for certain revenues derived from the State of Florida, the Federal Government, and other local and private sources 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: To 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.

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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.

THE SCHOOL DISTRICT OF LEE COUNTY
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2016

	<u>Special Revenue Funds</u>			<u>Debt Service Fund</u>	<u>Capital Projects Funds</u>	
	Total Nonmajor Governmental Funds	Contracted Programs	Food Service	SBE/COBI Bonds	Public Education Capital Outlay	Capital Outlay and Debt Service
ASSETS						
Cash	\$ 10,109,538	\$ 5,391	\$ 7,855,519	\$ -	\$ -	\$ 2,248,628
Investments	10,339,138	-	10,206,561	132,577	-	-
Accounts Receivable	10,312	3,600	6,712	-	-	-
Due from Other Funds	200,762	200,762	-	-	-	-
Due from Other Agencies	3,550,205	1,863,800	1,662,551	-	-	23,854
Inventory	691,172	-	691,172	-	-	-
Total Assets	\$ 24,901,127	\$ 2,073,553	\$ 20,422,515	\$ 132,577	\$ -	\$ 2,272,482
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts Payable	\$ 639,485	\$ 432,371	\$ 207,114	\$ -	\$ -	\$ -
Construction Contracts Payable	31,556	-	31,556	-	-	-
Construction Contracts Payable- Retainage	17,513	-	17,513	-	-	-
Due to Other Funds	1,641,182	1,641,182	-	-	-	-
Total Liabilities	2,329,736	2,073,553	256,183	-	-	-
Deferred Inflows						
Unavailable Revenue	23,854	-	-	-	-	23,854
Total Deferred Inflows	23,854	-	-	-	-	23,854
Fund Balance						
Nonspendable						
Inventory	691,172	-	691,172	-	-	-
Restricted for:						
Debt Service	132,577	-	-	132,577	-	-
Capital Projects	2,248,628	-	-	-	-	2,248,628
Food Service	19,475,160	-	19,475,160	-	-	-
Total Fund Balances	22,547,537	-	20,166,332	132,577	-	2,248,628
Total Liabilities and Fund Balances	\$ 24,901,127	\$ 2,073,553	\$ 20,422,515	\$ 132,577	\$ -	\$ 2,272,482

**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, 2016**

	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	\$ 19,619,329	\$ 19,619,329	\$ -	\$ -	\$ -	\$ -
Federal Through State Sources	89,050,798	50,854,905	38,195,893	-	-	-
State Sources	5,459,174	-	562,875	1,977,910	1,277,972	1,640,417
Local Sources						
Food Service Sales	2,830,891	-	2,830,891	-	-	-
Miscellaneous	101,719	59,619	41,065	-	-	1,035
Total Revenues	117,061,911	70,533,853	41,630,724	1,977,910	1,277,972	1,641,452
EXPENDITURES						
Current						
Instruction	40,073,650	40,073,650	-	-	-	-
Student Support Services	5,282,705	5,282,705	-	-	-	-
Instructional Media Services	73,174	73,174	-	-	-	-
Instruction and Curriculum Development Services	11,788,793	11,788,793	-	-	-	-
Instructional Staff Training Services	6,450,120	6,450,120	-	-	-	-
Instruction Related Technology	84,093	84,093	-	-	-	-
Board	2,083	2,083	-	-	-	-
General Administration	2,862,175	2,862,175	-	-	-	-
School Administration	331,045	331,045	-	-	-	-
Facilities Services	3,393,180	143,012	-	-	1,277,972	1,972,196
Food Service	38,726,448	-	38,726,448	-	-	-
Central Services	322,090	322,090	-	-	-	-
Student Transportation Services	915,188	915,188	-	-	-	-
Operation of Plant	138,865	138,865	-	-	-	-
Maintenance of Plant	4,420	4,420	-	-	-	-
Community Services	450,138	450,138	-	-	-	-
Capital Outlay						
Facilities Acquisition and Construction	74,382	74,382	-	-	-	-
Other Capital Outlay	2,706,369	1,537,920	1,168,449	-	-	-
Debt Service						
Principal	1,674,000	-	-	1,674,000	-	-
Interest and Fiscal Charges	368,168	-	-	365,581	-	2,587
Total Expenditures	115,721,086	70,533,853	39,894,897	2,039,581	1,277,972	1,974,783
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,340,825	-	1,735,827	(61,671)	-	(333,331)
Net Change in Fund Balance	1,340,825	-	1,735,827	(61,671)	-	(333,331)
Fund Balance, Beginning	21,206,712	-	18,430,505	194,248	-	2,581,959
Fund Balance, Ending	<u>\$ 22,547,537</u>	<u>\$ -</u>	<u>\$ 20,166,332</u>	<u>\$ 132,577</u>	<u>\$ -</u>	<u>\$ 2,248,628</u>

**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, 2016**

	Certificates of Participation			Variance with Final Budget - Under (Over)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Local Sources				
Interest Income	\$ -	\$ 8	\$ 1,286	\$ (1,278)
Total Local Sources	-	8	1,286	(1,278)
Total Revenues	-	8	1,286	(1,278)
EXPENDITURES				
Debt Service				
Principal	25,147,420	25,149,873	25,149,872	1
Interest and Fiscal Charges	14,797,670	14,795,217	14,753,648	41,569
Total Expenditures	39,945,090	39,945,090	39,903,520	41,570
Deficiency of Revenues Over Expenditures	(39,945,090)	(39,945,082)	(39,902,234)	(42,848)
OTHER FINANCING SOURCES (USES)				
Transfer In	39,945,090	39,945,090	39,815,770	129,320
Transfer Out	-	(8)	(8)	-
Total Other Financing Sources (Uses)	39,945,090	39,945,082	39,815,762	129,320
Net Change in Fund Balance	-	-	(86,472)	86,472
Fund Balance, Beginning	409,606	409,606	409,606	-
Fund Balance, Ending	<u>\$ 409,606</u>	<u>\$ 409,606</u>	<u>\$ 323,134</u>	<u>\$ 86,472</u>

**THE SCHOOL DISTRICT OF LEE COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
DEBT SERVICE FUND - ARRA ECONOMIC STIMULUS (MAJOR GOVERNMENTAL FUND)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	ARRA Economic Stimulus			Variance with Final Budget - Under (Over)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Local Sources				
Interest Income	\$ -	\$ -	\$ 31,548	\$ (31,548)
Total Local Sources	-	-	31,548	(31,548)
Total Revenues	-	-	31,548	(31,548)
EXPENDITURES				
Debt Service				
Principal	1,800,600	1,800,600	-	1,800,600
Interest and Fiscal Charges	247,201	228,219	221,418	6,801
Total Expenditures	2,047,801	2,028,819	221,418	1,807,401
Deficiency of Revenues Under Expenditures	(2,047,801)	(2,028,819)	(189,870)	(1,838,949)
OTHER FINANCING SOURCES				
Transfer In	2,047,801	2,028,819	2,021,994	6,825
Total Other Financing Sources	2,047,801	2,028,819	2,021,994	6,825
Net Change in Fund Balance	-	-	1,832,124	(1,832,124)
Fund Balance, Beginning	7,223,243	7,223,243	7,223,243	-
Fund Balance, Ending	\$ 7,223,243	\$ 7,223,243	\$ 9,055,367	\$ (1,832,124)

**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, 2016**

	Local Capital Improvement Tax			Variance with Final Budget - Under (Over)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Local Sources				
Ad Valorem Taxes	\$ 99,546,622	\$ 99,546,622	\$ 99,905,824	\$ (359,202)
Interest Income	385,000	385,000	242,914	142,086
Total Local Sources	<u>99,931,622</u>	<u>99,931,622</u>	<u>100,148,738</u>	<u>(217,116)</u>
 Total Revenues	 <u>99,931,622</u>	 <u>99,931,622</u>	 <u>100,148,738</u>	 <u>(217,116)</u>
 EXPENDITURES				
Current				
Facilities Services	-	54,396,673	36,055,027	18,341,646
Capital Outlay				
Facilities Acquisition and Construction	64,818,994	796,386	553,334	243,052
Other Capital Outlay	-	10,544,409	3,670,834	6,873,575
Total Expenditures	<u>64,818,994</u>	<u>65,737,468</u>	<u>40,279,195</u>	<u>25,458,273</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>35,112,628</u>	 <u>34,194,154</u>	 <u>59,869,543</u>	 <u>(25,675,389)</u>
 OTHER FINANCING USES				
Transfer Out	(51,992,891)	(51,973,901)	(51,837,756)	(136,145)
Total Other Financing Uses	<u>(51,992,891)</u>	<u>(51,973,901)</u>	<u>(51,837,756)</u>	<u>(136,145)</u>
 Net Change in Fund Balance	 <u>(16,880,263)</u>	 <u>(17,779,747)</u>	 <u>8,031,787</u>	 <u>(25,811,534)</u>
Fund Balance, Beginning	<u>46,139,013</u>	<u>46,139,013</u>	<u>46,139,013</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 29,258,750</u>	<u>\$ 28,359,266</u>	<u>\$ 54,170,800</u>	<u>\$ (25,811,534)</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, 2016**

	<u>Certificates of Participation/Impact Fees/State Grants</u>			Variance with Final Budget - Under (Over)
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	
	<u>Original</u>	<u>Final</u>		
REVENUES				
State Sources:				
Charter School Capital Outlay	\$ 4,800,000	\$ 4,800,000	\$ 2,477,285	\$ 2,322,715
State Grants and Other State Sources	357,000	357,000	439,189	(82,189)
Total State Sources	<u>5,157,000</u>	<u>5,157,000</u>	<u>2,916,474</u>	<u>2,240,526</u>
Local Sources				
Interest Income	110,000	110,000	90,255	19,745
Impact Fees	4,500,000	4,500,000	6,137,978	(1,637,978)
Local Grants and Other Local Sources	-	2,500,000	2,500,000	-
Total Local Sources	<u>4,610,000</u>	<u>7,110,000</u>	<u>8,728,233</u>	<u>(1,618,233)</u>
Total Revenues	<u>9,767,000</u>	<u>12,267,000</u>	<u>11,644,707</u>	<u>622,293</u>
EXPENDITURES				
Current				
Facilities Services	-	206,525	118,670	87,855
Capital Outlay				
Facilities Acquisition and Construction	2,456,999	108,690	50,566	58,124
Other Capital Outlay	-	2,391,999	895,999	1,496,000
Total Expenditures	<u>2,456,999</u>	<u>2,707,214</u>	<u>1,065,235</u>	<u>1,641,979</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>7,310,001</u>	<u>9,559,786</u>	<u>10,579,472</u>	<u>(1,019,686)</u>
OTHER FINANCING USES				
Transfer Out	(4,800,000)	(4,800,000)	(2,477,285)	(2,322,715)
Total Other Financing Uses	<u>(4,800,000)</u>	<u>(4,800,000)</u>	<u>(2,477,285)</u>	<u>(2,322,715)</u>
Net Change in Fund Balance	2,510,001	4,759,786	8,102,187	(3,342,401)
Fund Balance, Beginning	<u>29,639,262</u>	<u>29,639,262</u>	<u>29,639,262</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 32,149,263</u>	<u>\$ 34,399,048</u>	<u>\$ 37,741,449</u>	<u>\$ (3,342,401)</u>

**THE SCHOOL DISTRICT OF LEE COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
SPECIAL REVENUE FUND - CONTRACTED PROGRAMS (NONMAJOR GOVERNMENTAL FUND)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Contracted Programs			Variance with Final Budget - Under (Over)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Federal Direct Sources:				
Miscellaneous Federal Direct	\$ 22,936,557	\$ 31,886,922	\$ 19,619,329	\$ 12,267,593
Total Federal Direct Sources	<u>22,936,557</u>	<u>31,886,922</u>	<u>19,619,329</u>	<u>12,267,593</u>
Federal Through State Sources:				
Other Federal Through State Grants	41,111,169	60,963,336	50,854,905	10,108,431
Total Federal Through State Sources	<u>41,111,169</u>	<u>60,963,336</u>	<u>50,854,905</u>	<u>10,108,431</u>
Local Sources:				
Child Care and Adult Course Fees	-	59,619	59,619	-
Total Local Sources	<u>-</u>	<u>59,619</u>	<u>59,619</u>	<u>-</u>
Total Revenues	<u>64,047,726</u>	<u>92,909,877</u>	<u>70,533,853</u>	<u>22,376,024</u>
EXPENDITURES				
Current				
Instruction	33,375,145	50,705,332	40,073,650	10,631,682
Student Support Services	5,641,482	5,830,166	5,282,705	547,461
Instructional Media Services	403,168	74,976	73,174	1,802
Instruction and Curriculum Development Services	11,075,654	17,970,762	11,788,793	6,181,969
Instructional Staff Training Services	8,178,777	8,511,999	6,450,120	2,061,879
Instruction Related Technology	111,874	84,408	84,093	315
Board	-	11,416	2,083	9,333
General Administration	2,622,223	3,521,849	2,862,175	659,674
School Administration	719,004	1,237,971	331,045	906,926
Facilities Services	331,827	202,341	143,012	59,329
Central Services	26,797	330,303	322,090	8,213
Student Transportation Services	741,267	1,248,946	915,188	333,758
Operation of Plant	205,787	195,878	138,865	57,013
Maintenance of Plant	-	7,983	4,420	3,563
Community Services	614,721	946,137	450,138	495,999
Capital Outlay				
Facilities Acquisition and Construction	-	132,312	74,382	57,930
Other Capital Outlay	-	1,897,098	1,537,920	359,178
Total Expenditures	<u>64,047,726</u>	<u>92,909,877</u>	<u>70,533,853</u>	<u>22,376,024</u>
Excess 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, 2016**

	Food Service			Variance with Final Budget - Under (Over)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Federal Through State Sources:				
Food Service	\$ 40,468,039	\$ 40,768,624	\$ 37,899,971	\$ 2,868,653
Donated Foods and Cash in Lieu of	350,000	351,000	295,922	55,078
Total Federal Through State Sources	<u>40,818,039</u>	<u>41,119,624</u>	<u>38,195,893</u>	<u>2,923,731</u>
State Sources:				
Food Services	566,035	566,035	562,875	3,160
Total State Sources	<u>566,035</u>	<u>566,035</u>	<u>562,875</u>	<u>3,160</u>
Local Sources				
Interest Income	30,000	30,000	40,512	(10,512)
Food Service Sales	3,837,905	3,846,905	2,830,891	1,016,014
Total Local Sources	<u>3,867,905</u>	<u>3,876,905</u>	<u>2,871,956</u>	<u>1,004,949</u>
Total Revenues	<u>45,251,979</u>	<u>45,562,564</u>	<u>41,630,724</u>	<u>3,931,840</u>
EXPENDITURES				
Current				
Food Service	48,349,689	53,970,783	38,726,448	15,244,335
Capital Outlay				
Facilities Acquisition and Construction	-	250,000	-	250,000
Other Capital Outlay	-	1,520,649	1,168,449	352,200
Total Expenditures	<u>48,349,689</u>	<u>55,741,432</u>	<u>39,894,897</u>	<u>15,846,535</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,097,710)</u>	<u>(10,178,868)</u>	<u>1,735,827</u>	<u>(11,914,695)</u>
Net Change in Fund Balance	<u>(3,097,710)</u>	<u>(10,178,868)</u>	<u>1,735,827</u>	<u>(11,914,695)</u>
Fund Balance, Beginning	18,430,505	18,430,505	18,430,505	-
Fund Balance, Ending	<u>\$ 15,332,795</u>	<u>\$ 8,251,637</u>	<u>\$ 20,166,332</u>	<u>\$ (11,914,695)</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, 2016**

	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	\$ -	\$ 1,977,534	\$ 1,977,534	\$ -
SBE/COBI Bond Interest	-	376	376	-
Total State Sources	-	1,977,910	1,977,910	-
 Total Revenues	-	1,977,910	1,977,910	-
 EXPENDITURES				
Debt Service				
Principal	-	1,674,000	1,674,000	-
Interest and Fiscal Charges	-	365,581	365,581	-
Total Expenditures	-	2,039,581	2,039,581	-
 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(61,671)	(61,671)	-
 Net Change in Fund Balance	-	(61,671)	(61,671)	-
 Fund Balance, Beginning	194,248	194,248	194,248	-
 Fund Balance, Ending	\$ 194,248	\$ 132,577	\$ 132,577	\$ -

**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, 2016**

	Public Education Capital Outlay			Variance with Final Budget - Under (Over)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
State Sources:				
Public Education Capital Outlay	\$ 1,400,000	\$ 1,277,972	\$ 1,277,972	\$ -
Total State Sources	1,400,000	1,277,972	1,277,972	-
 Total Revenues	 1,400,000	 1,277,972	 1,277,972	 -
EXPENDITURES				
Current				
Facilities Services	-	1,277,972	1,277,972	-
Total Expenditures	-	1,277,972	1,277,972	-
Excess of Revenues Over Expenditures	 1,400,000	 -	 -	 -
 Net Change in Fund Balance	 1,400,000	 -	 -	 -
Fund Balance, Beginning	-	-	-	-
Fund Balance, Ending	\$ 1,400,000	\$ -	\$ -	\$ -

**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, 2016**

	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	\$ 1,031,000	\$ 1,031,000	\$ 1,629,782	\$ (598,782)
Interest on Undistributed CO and DS	-	-	10,635	(10,635)
Total State Sources	<u>1,031,000</u>	<u>1,031,000</u>	<u>1,640,417</u>	<u>(609,417)</u>
Local Sources				
Interest Income	5,000	5,000	1,035	3,965
Total Local Sources	<u>5,000</u>	<u>5,000</u>	<u>1,035</u>	<u>3,965</u>
Total Revenues	<u>1,036,000</u>	<u>1,036,000</u>	<u>1,641,452</u>	<u>(605,452)</u>
EXPENDITURES				
Current				
Facilities Services	-	1,972,196	1,972,196	-
Debt Service				
Interest and Fiscal Charges	-	2,587	2,587	-
Total Expenditures	<u>-</u>	<u>1,974,783</u>	<u>1,974,783</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,036,000</u>	<u>(938,783)</u>	<u>(333,331)</u>	<u>(605,452)</u>
Net Change in Fund Balance	1,036,000	(938,783)	(333,331)	(605,452)
Fund Balance, Beginning	<u>2,581,959</u>	<u>2,581,959</u>	<u>2,581,959</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 3,617,959</u>	<u>\$ 1,643,176</u>	<u>\$ 2,248,628</u>	<u>\$ (605,452)</u>

Internal Service Funds

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

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

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

**THE SCHOOL DISTRICT OF LEE COUNTY
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2016**

	Internal Service Funds		
	Total	Self Insurance	
		Health	Other
ASSETS			
Current Assets			
Cash	\$ 12,324,948	\$ 12,324,948	\$ -
Investments	50,324,141	50,324,141	-
Due from Governmental Funds	15,096,990	-	15,096,990
Total Current Assets	<u>77,746,079</u>	<u>62,649,089</u>	<u>15,096,990</u>
Noncurrent Assets			
Restricted Cash With Fiscal Agent	300,000	-	300,000
Furniture, Fixtures and Equipment	9,497	9,497	-
Less Accumulated Depreciation	(2,685)	(2,685)	-
Total Noncurrent Assets	<u>306,812</u>	<u>6,812</u>	<u>300,000</u>
Total Assets	<u>78,052,891</u>	<u>62,655,901</u>	<u>15,396,990</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	431,647	431,647	-
Advanced Revenue	10,142,326	10,142,326	-
Estimated Insurance Claims Payable	10,847,483	6,658,060	4,189,423
Liability for Compensated Absences	18,758	18,758	-
Total Current Liabilities	<u>21,440,214</u>	<u>17,250,791</u>	<u>4,189,423</u>
Long-Term Liabilities			
Estimated Insurance Claims Payable	10,950,471	42,904	10,907,567
Total Liabilities	<u>32,390,685</u>	<u>17,293,695</u>	<u>15,096,990</u>
NET POSITION			
Net Investment in Capital Assets	6,812	6,812	-
Restricted for Claims	300,000	-	300,000
Unrestricted	45,355,394	45,355,394	-
Total Net Position	<u>\$ 45,662,206</u>	<u>\$ 45,362,206</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, 2016

	Internal Service Funds		
	Total	Self Insurance	
		Health	Other
OPERATING REVENUES			
Premium Revenue	\$ 88,303,330	\$ 72,177,377	\$ 16,125,953
Other Operating Revenues	15,027	15,027	-
Total Operating Revenues	88,318,357	72,192,404	16,125,953
OPERATING EXPENSE			
Salaries	292,698	234,691	58,007
Employee Benefits	90,865	58,285	32,580
Purchased Services	13,629,449	5,759,398	7,870,051
Materials and Supplies	2,622	2,622	-
Noncapitalized Equipment	292,019	292,019	-
Insurance Claims	79,333,719	71,168,404	8,165,315
Depreciation	801	801	-
Total Operating Expenses	93,642,173	77,516,220	16,125,953
Operating Income (Loss)	(5,323,816)	(5,323,816)	-
NONOPERATING REVENUES			
Interest Income	180,808	180,808	-
Total Nonoperating Revenues	180,808	180,808	-
Changes in Net Position	(5,143,008)	(5,143,008)	-
Net Position - July 1, 2015	50,805,214	50,505,214	300,000
Net Position - June 30, 2016	<u>\$ 45,662,206</u>	<u>\$ 45,362,206</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, 2016**

	Internal Service Funds		
	Total	Self Insurance	
		Health	Other
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers, Users and Participants	\$ 106,674,976	\$ 91,437,714	\$ 15,237,262
Cash Payments to Suppliers for Goods and Services	(13,952,584)	(6,032,541)	(7,920,043)
Cash Payments to Employees for Services	(376,769)	(286,182)	(90,587)
Cash Payments for Insurance Claims	(76,044,707)	(68,818,075)	(7,226,632)
Net Cash provided by Operating Activities	<u>16,300,916</u>	<u>16,300,916</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Pooled Investments	(5,177,956)	(5,177,956)	-
Interest on Investments	180,808	180,808	-
Net Cash used by Investing Activities	<u>(4,997,148)</u>	<u>(4,997,148)</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	11,303,768	11,303,768	-
Cash and Cash Equivalents, Beginning	1,321,180	1,021,180	300,000
Cash and Cash Equivalents, Ending	<u>\$ 12,624,948</u>	<u>\$ 12,324,948</u>	<u>\$ 300,000</u>
Reconciliation of Operating Income (Loss) to Net Cash provided by Operating Activities			
Operating Income (Loss)	\$ (5,323,816)	\$ (5,323,816)	\$ -
Adjustments to Reconcile Operating Income to Net Cash provided by Operating Activities:			
Depreciation	801	801	-
Change in Assets and Liabilities:			
(Increase) Decrease in Due from Governmental Funds	17,759,453	18,648,144	(888,691)
Increase (Decrease) in Accounts Payable	(27,417)	22,575	(49,992)
Decrease in Due to Governmental Funds	(1,077)	(1,077)	-
Increase in Advanced Revenue	597,165	597,165	-
Increase in Estimated Insurance Claims Payable	3,289,012	2,350,329	938,683
Increase in Liability for Compensated Absences	6,795	6,795	-
Total Adjustments	<u>21,624,732</u>	<u>21,624,732</u>	<u>-</u>
Net Cash provided by Operating Activities	<u>\$ 16,300,916</u>	<u>\$ 16,300,916</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, 2016

	Internal Accounts			June 30, 2016
	July 1, 2015	Additions	Deletions	
ASSETS				
Cash	\$ 1,014,108	\$ 25,337,510	\$ 25,041,987	\$ 1,309,631
Investments	6,151,875	1,169,744	1,020,692	6,300,927
Accounts Receivable	309,936	255	-	310,191
Interest Receivable	26,855	-	26,855	-
Inventory	387,678	716,871	715,685	388,864
	<u>\$ 7,890,452</u>	<u>\$ 27,224,380</u>	<u>\$ 26,805,219</u>	<u>\$ 8,309,613</u>
LIABILITIES				
Accounts Payable and Other Current Liabilities	\$ 390,930	\$ 23,304,957	\$ 23,263,125	\$ 432,762
Due to Student Organizations and Other Agencies	7,499,522	2,951,433	2,574,104	7,876,851
	<u>\$ 7,890,452</u>	<u>\$ 26,256,390</u>	<u>\$ 25,837,229</u>	<u>\$ 8,309,613</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: Accelerated Middle Charter School, 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 Inc., Coronado High School, DJB Technical Academy, Inc., Ft. Myers Preparatory & Fitness Academy, Inc., Gateway Charter School, Gateway Intermediate Charter School, Gateway Charter High School, Goodwill L.I.F.E. Academy, Island Park Charter High School, The Island School, Inc., North Nicholas High School, Palm Acres Charter High School, Pivot Charter High School, 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 STATEMENT OF NET POSITION
 COMPONENT UNITS
 June 30, 2016

	Charter Schools			
	Accelerated Middle Charter School	Bonita Springs Preparatory & Fitness Academy, Inc.	Bonita Springs Charter School	Cape Coral Charter School
ASSETS				
Cash and cash equivalents	\$ 324,185	\$ 134,637	\$ 818,948	\$ 286,331
Accounts Receivable	60,467	5,140	78,937	596,916
Due from Other Agencies	-	-	53,764	97,365
Due from Fiduciary Funds	-	-	-	-
Prepaid Expenses	-	28,029	129,552	40,569
Capital assets:				
Improvements other than Buildings	-	-	246,914	86,319
Less Accumulated Depreciation	-	-	(143,760)	(48,235)
Buildings	-	-	-	17,721,743
Less Accumulated Depreciation	-	-	-	(4,098,153)
Furniture, Fixtures and Equipment	26,470	-	2,173,212	891,784
Less Accumulated Depreciation	(7,784)	-	(1,856,518)	(642,313)
Software	-	-	-	-
Less Accumulated Amortization	-	-	-	-
Total Assets	403,338	167,806	1,501,049	14,932,326
DEFERRED OUTFLOW OF RESOURCES	-	-	-	-
LIABILITIES				
Salaries and Wages Payable	-	-	425,055	216,244
Accounts Payable	40,718	17,352	127,978	471,672
Deposits Payable	-	-	-	-
Due to Other Agencies	-	-	6,974	-
Noncurrent liabilities:				
Portion due within one year:				
Notes Payable	13,288	-	-	-
Obligations under Capital Lease	-	-	-	458,715
Liability for Compensated Absences	-	-	21,001	5,966
Portion due after one year:				
Notes Payable	4,865	-	-	-
Obligations under Capital Lease	-	-	-	16,522,132
Liability for Compensated Absences	-	-	7,001	1,988
Net Pension Liability	-	-	-	-
Total Liabilities	58,871	17,352	588,009	17,676,717
DEFERRED INFLOW OF RESOURCES				
Unearned Revenue	-	-	-	-
Deferred Amount on Pension	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
NET POSITION				
Net Investment in Capital Assets	18,686	-	419,848	(1,432,996)
Restricted for:				
Capital Projects	-	-	-	-
Other Purposes	-	-	-	-
Unrestricted	325,781	150,454	493,192	(1,311,395)
Total Net Position- Component Units	\$ 344,467	\$ 150,454	\$ 913,040	\$ (2,744,391)

Charter Schools

Cape Preparatory & Fitness Academy, Inc.	City of Palms Charter High School, Inc.	Coronado High School	DJB Technical Academy, Inc.	Ft. Myers Preparatory & Fitness Academy, Inc.	Gateway Charter School	Gateway Intermediate Charter School
\$ -	\$ 126,387	\$ 303,752	\$ 66,393	\$ -	\$ 2,662,592	\$ 1,685,747
1,672	606,186	-	-	6,834	222,020	150,714
-	-	2,197	2,500	-	51,808	14,342
-	-	-	-	-	-	2,000
56,363	38,260	-	25,694	46,140	36,190	5,859
-	10,804	-	-	-	128,088	4,625
-	(10,804)	-	-	-	(104,615)	(1,542)
29,020	-	-	38,534	1,509,036	27,869,053	-
(5,209)	-	-	(10,579)	(573,692)	(5,581,698)	-
-	71,279	396,289	38,210	-	1,522,294	754,738
-	(35,589)	(197,633)	(12,172)	-	(1,300,096)	(544,155)
-	111,717	-	-	-	-	-
-	(111,717)	-	-	-	-	-
<u>81,846</u>	<u>806,523</u>	<u>504,605</u>	<u>148,580</u>	<u>988,318</u>	<u>25,505,636</u>	<u>2,072,328</u>
-	-	-	-	-	-	-
-	-	-	19,186	-	459,238	350,216
1,055,459	410,767	144,380	12,600	687,515	518,836	376,255
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	38,750	-	-	-
-	-	-	7,990	-	657,718	-
-	-	-	-	-	9,309	11,518
-	-	-	71,042	-	-	-
-	-	-	15,829	-	25,619,289	-
-	-	-	-	-	3,103	3,840
-	-	-	-	-	-	-
<u>1,055,459</u>	<u>410,767</u>	<u>144,380</u>	<u>165,397</u>	<u>687,515</u>	<u>27,267,493</u>	<u>741,829</u>
162,171	-	-	-	913,854	-	-
-	-	-	-	-	-	-
<u>162,171</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>913,854</u>	<u>-</u>	<u>-</u>
23,811	35,690	198,656	53,993	935,344	(2,080,360)	213,666
-	-	106,715	-	-	-	-
-	-	-	-	-	-	-
<u>(1,159,595)</u>	<u>360,066</u>	<u>54,854</u>	<u>(70,810)</u>	<u>(1,548,395)</u>	<u>318,503</u>	<u>1,116,833</u>
<u>\$ (1,135,784)</u>	<u>\$ 395,756</u>	<u>\$ 360,225</u>	<u>\$ (16,817)</u>	<u>\$ (613,051)</u>	<u>\$ (1,761,857)</u>	<u>\$ 1,330,499</u>

(Continued)

THE SCHOOL DISTRICT OF LEE COUNTY
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
June 30, 2016

	Charter Schools			
	Gateway	Goodwill	Island Park	The Island
	Charter	L.I.F.E.		
	High School	Academy		
ASSETS				
Cash and cash equivalents	\$ 231,482	\$ 14,641	\$ 165,726	\$ 714,703
Accounts Receivable	1,116,551	-	-	-
Due from Other Agencies	21,745	34,506	6,493	-
Due from Fiduciary Funds	-	-	-	-
Prepaid Expenses	47,616	926	-	1,235
Capital assets:				
Improvements other than Buildings	786,927	-	-	-
Less Accumulated Depreciation	(260,665)	-	-	-
Buildings and Fixed Equipment	13,338,119	-	-	2,945,969
Less Accumulated Depreciation	(3,084,440)	-	-	(597,243)
Furniture, Fixtures and Equipment	1,481,469	-	275,391	125,640
Less Accumulated Depreciation	(1,332,528)	-	(71,271)	(101,373)
Computer Software	-	-	-	-
Less Accumulated Amortization	-	-	-	-
Total Assets	12,346,276	50,073	376,339	3,088,931
DEFERRED OUTFLOW OF RESOURCES	-	89,499	-	-
LIABILITIES				
Salaries and Wages Payable	188,471	22,076	-	9,589
Accounts Payable	1,146,459	27,359	166,915	-
Deposits Payable	-	-	-	-
Due to Other Agencies	-	-	-	-
Noncurrent liabilities:				
Portion due within one year:				
Notes Payable	-	-	-	7,140
Obligations under Capital Lease	342,325	-	-	-
Liability for Compensated Absences	5,802	-	-	-
Portion due after one year:				
Notes Payable	-	-	-	-
Obligations under Capital Lease	12,715,491	-	-	-
Liability for Compensated Absences	1,934	-	-	-
Net Pension Liability	-	230,594	-	-
Total Liabilities	14,400,482	280,029	166,915	16,729
DEFERRED INFLOW OF RESOURCES				
Unearned Revenue	-	-	-	-
Deferred Amount on Pension	-	33,255	-	-
Total Deferred Inflows of Resources	-	33,255	-	-
NET POSITION				
Net Investment in Capital Assets	(1,005,298)	-	204,120	2,372,993
Restricted for:				
Capital Projects	-	-	-	-
Other Purposes	-	-	-	51,591
Unrestricted	(1,048,908)	(173,712)	5,304	647,618
Total Net Position- Component Units	\$ (2,054,206)	\$ (173,712)	\$ 209,424	\$ 3,072,202

Charter Schools

Northern Palm Charter High School, Inc	North Nicholas High School	Palm Acres Charter High School, Inc	Pivot Charter High School	Six Mile Charter Academy
\$ 72,665	\$ 231,358	\$ 5,809	\$ 157,366	\$ 1,015,296
-	-	278,659	79,360	164,569
-	6,663	-	4,274	29,343
-	-	-	-	-
6,233	-	10,917	27,243	154,309
-	-	-	497,027	236,791
-	-	-	(438,805)	(59,962)
-	-	-	-	17,929,083
-	-	-	-	(4,146,101)
-	140,957	266,308	567,202	1,056,789
-	(140,957)	(60,372)	(368,946)	(789,951)
-	-	-	-	-
-	-	-	-	-
<u>78,898</u>	<u>238,021</u>	<u>501,321</u>	<u>524,721</u>	<u>15,590,166</u>
-	-	-	-	-
-	-	-	-	290,243
666,988	172,786	80,775	106,829	514,684
9,081	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	458,715
-	-	-	-	15,415
-	-	-	-	-
-	-	-	-	16,522,135
-	-	-	-	5,138
-	-	-	-	-
<u>676,069</u>	<u>172,786</u>	<u>80,775</u>	<u>106,829</u>	<u>17,806,330</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	205,936	256,478	(1,297,018)
-	-	-	-	-
-	-	-	-	-
<u>(597,171)</u>	<u>65,235</u>	<u>214,610</u>	<u>161,414</u>	<u>(919,146)</u>
<u>\$ (597,171)</u>	<u>\$ 65,235</u>	<u>\$ 420,546</u>	<u>\$ 417,892</u>	<u>\$ (2,216,164)</u>

(Continued)

**THE SCHOOL DISTRICT OF LEE COUNTY
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
June 30, 2016**

	Total Charter Schools	The Foundation for Lee County Public Schools, Inc.	Total Component Units
ASSETS			
Cash	\$ 9,018,018	\$ 1,339,200	\$ 10,357,218
Accounts receivable, net	3,368,025	44,524	3,412,549
Due from other Agencies	325,000	-	325,000
Due from Fiduciary Funds	2,000	-	2,000
Prepaid Expenses	655,135	1,700,875	2,356,010
Capital assets:	-	-	-
Improvements other than Buildings	1,997,495	-	1,997,495
Less Accumulated Depreciation	(1,068,388)	-	(1,068,388)
Buildings	81,380,557	-	81,380,557
Less Accumulated Depreciation	(18,097,115)	-	(18,097,115)
Furniture, Fixtures and Equipment	9,788,032	102,412	9,890,444
Less Accumulated Depreciation	(7,461,658)	(83,217)	(7,544,875)
Software	111,717	-	111,717
Less Accumulated Amortization	(111,717)	-	(111,717)
Total Assets	79,907,101	3,103,794	83,010,895
DEFERRED OUTFLOW OF RESOURCES	89,499	-	89,499
LIABILITIES			
Salaries and Wages Payable	1,980,318	-	1,980,318
Accounts Payable	6,746,327	19,228	6,765,555
Deposits Payable	9,081	-	9,081
Due to other Agencies	6,974	-	6,974
Noncurrent liabilities:			
Portion due within one year:			
Notes Payable	59,178	-	59,178
Obligations under Capital Lease	1,925,463	-	1,925,463
Liability for Compensated Absences	69,011	-	69,011
Portion due after one year:			
Notes Payable	75,907	-	75,907
Obligations under Capital Lease	71,394,876	-	71,394,876
Liability for Compensated Absences	23,004	-	23,004
Net Pension Liability	230,594	-	230,594
Total Liabilities	82,520,733	19,228	82,539,961
DEFERRED INFLOW OF RESOURCES			
Unearned Revenue	1,076,025	-	1,076,025
Deferred Amount on Pension	33,255	-	33,255
Total Deferred Inflows of Resources	1,109,280	-	1,109,280
NET POSITION			
Net Investment in Capital Assets	(876,451)	19,195	(857,256)
Restricted for:			
Capital Projects	106,715	-	106,715
Other Purposes	51,591	2,848,184	2,899,775
Unrestricted	(2,915,268)	217,187	(2,698,081)
Total net position- Component Units	\$ (3,633,413)	\$ 3,084,566	\$ (548,847)

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**THE SCHOOL DISTRICT OF LEE COUNTY
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2016**

	Charter Schools		
	Accelerated Middle Charter School	Bonita Springs Preparatory & Fitness Academy, Inc.	Bonita Springs Charter School
Governmental activities			
Expenses			
Instruction	\$ 309,257.00	\$ 1,472,381	\$ 4,315,919
Student Support Services	-	-	206,080
Instructional Media Services	-	-	-
Instruction and Curriculum Development Services	49,398	43,013	19,647
Instructional Staff Training Services	150	-	21,412
Instruction Related Technology	3,360	-	126,976
Board	13,754	387	17,263
General Administration	39,308	-	-
School Administration	131,221	34,415	511,305
Facilities Services	-	-	-
Fiscal Services	13,229	94,632	760,928
Food Services	50,013	149,704	392,723
Central Services	-	61,428	10,146
Student Transportation Services	135,910	178,440	754,682
Operation of Plant	120,308	595,699	2,222,901
Maintenance of Plant	-	40,945	222,501
Community Services	13,371	-	101,443
Unallocated Interest and Fiscal Charges on Long-term Debt	1,033	-	-
Unallocated Depreciation Expense *	-	-	-
Total Expenses	\$ 880,312	\$ 2,671,044	\$ 9,683,926
Program Revenues			
Charges for Services	-	-	\$ 301,240
Operating Grants and Contributions	104,052	150,885	836,454
Capital Grants and Contributions	-	-	502,585
Total Program Revenues	104,052	150,885	1,640,279
Net Program Revenues	(776,260)	(2,520,159)	(8,043,647)
General Revenues			
Other State Sources not restricted to specific programs	810,490	2,646,045	8,474,333
Other Miscellaneous Sources Not Restricted to Specific Programs	6,783	-	40,688
Unrestricted Investment Earnings	-	-	-
Total General Revenues	817,273	2,646,045	8,515,021
Changes in Net Position	41,013	125,886	471,374
Net Position - July 1, 2015	303,454	24,568	441,666
Adjustment to Beginning Net Assets	-	-	-
Net Assets - July 1, 2015, Restated	303,454	24,568	441,666
Net Position-June 30, 2016	\$ 344,467	\$ 150,454	\$ 913,040

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

Charter Schools

Cape Coral Charter School	Cape Preparatory & Fitness Academy, Inc.	City of Palms Charter High School, Inc.	Coronado High School	DJB Technical Academy, Inc.	Ft. Myers Preparatory & Fitness Academy, Inc.
\$ 2,153,654	\$ 644,225	\$ 450,553	\$ 454,871	\$ 296,734	\$ 797,717
219,235	-	-	231,003	-	-
-	-	-	-	-	-
11,537	83,891	117,908	-	-	117,831
33,401	-	-	-	500	-
84,018	-	-	-	27,771	-
57,217	270	28,448	52,477	95,269	354
-	-	62,236	-	-	-
325,464	91,216	483,847	566,090	185,239	94,217
-	-	-	-	52,468	-
209,095	72,997	-	118,596	29,123	86,617
254,135	68,745	-	2,283	-	149,119
4,498	46,196	-	-	-	58,445
314,451	167,940	10,750	-	79,570	279,900
970,667	587,812	188,896	450,633	51,127	296,976
143,921	13,200	2,708	-	842	37,005
38,722	-	-	-	-	-
963,250	-	-	-	372	-
-	2,477	-	-	11,319	143,715
<u>\$ 5,783,265</u>	<u>\$ 1,778,969</u>	<u>\$ 1,345,346</u>	<u>\$ 1,875,953</u>	<u>\$ 830,334</u>	<u>\$ 2,061,896</u>
\$ 143,559	\$ -	\$ -	\$ -	\$ -	\$ -
788,767	132,564	-	47,445	-	258,751
94,497	-	42,724	48,114	23,750	-
<u>1,026,823</u>	<u>132,564</u>	<u>42,724</u>	<u>95,559</u>	<u>23,750</u>	<u>258,751</u>
<u>(4,756,442)</u>	<u>(1,646,405)</u>	<u>(1,302,622)</u>	<u>(1,780,394)</u>	<u>(806,584)</u>	<u>(1,803,145)</u>
5,062,438	1,378,994	1,161,958	1,256,996	836,165	1,906,440
45,156	-	5,000	367,764	17,470	-
-	-	-	-	-	-
<u>5,107,594</u>	<u>1,378,994</u>	<u>1,166,958</u>	<u>1,624,760</u>	<u>853,635</u>	<u>1,906,440</u>
351,152	(267,411)	(135,664)	(155,634)	47,051	103,295
(3,095,543)	(873,287)	531,420	515,859	(63,868)	(716,346)
-	4,914	-	-	-	-
<u>(3,095,543)</u>	<u>(868,373)</u>	<u>531,420</u>	<u>515,859</u>	<u>(63,868)</u>	<u>(716,346)</u>
<u>\$ (2,744,391)</u>	<u>\$ (1,135,784)</u>	<u>\$ 395,756</u>	<u>\$ 360,225</u>	<u>\$ (16,817)</u>	<u>\$ (613,051)</u>

(Continued)

**THE SCHOOL DISTRICT OF LEE COUNTY
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2016**

	Charter Schools		
	Gateway Charter School	Gateway Intermediate Charter School	Gateway Charter High School
	School	Charter School	High School
Governmental activities			
Expenses			
Instruction	\$ 3,301,882	\$ 3,157,097	\$ 2,335,536
Student Personnel Services	174,258	126,362	173,033
Instructional Media Services	-	-	-
Instruction and Curriculum Development Services	6,591	3,424	6,483
Instructional Staff Training Services	24,755	11,401	15,631
Instruction Related Technology	117,362	116,475	81,524
Board	21,060	16,299	16,230
General Administration	-	-	-
School Administration	381,062	231,301	213,837
Facilities Services	-	-	-
Fiscal Services	1,513,819	1,050,082	11,134
Food Services	431,520	11,588	337,261
Central Services	12,178	3,868	11,175
Student Transportation Services	502,871	503,122	502,073
Operation of Plant	1,305,218	633,590	938,417
Maintenance of Plant	186,220	70,367	140,646
Community Services	58,605	9,558	936
Interest and Fiscal Charges on Long-term Debt	1,571,038	-	765,292
Unallocated Depreciation Expense *	-	-	-
Total Expenses	\$ 9,608,439	\$ 5,944,534	\$ 5,549,208
Program Revenues			
Charges for Services	\$ 186,548	\$ 490	\$ 51,566
Operating Grants and Contributions	890,892	362,474	565,432
Capital Grants and Contributions	397,092	167,611	151,686
Total Program Revenues	1,474,532	530,575	768,684
Net Program Revenues	(8,133,907)	(5,413,959)	(4,780,524)
General Revenues			
Other State Sources not restricted to specific programs	8,393,572	5,048,708	4,503,188
Other Miscellaneous Sources Not Restricted to Specific Program	81,341	53,599	453,665
Unrestricted Investment Earnings	-	-	-
Total General Revenues	8,474,913	5,102,307	4,956,853
Changes in Net Position	341,006	(311,652)	176,329
Net Position - July 1, 2015	(2,102,863)	1,642,151	(2,230,535)
Adjustment to Beginning Net Assets	-	-	-
Net Assets - July 1, 2015, Restated	(2,102,863)	1,642,151	(2,230,535)
Net Position-June 30, 2016	\$ (1,761,857)	\$ 1,330,499	\$ (2,054,206)

Charter Schools

Goodwill L.I.F.E. Academy	Island Park High School	The Island School, Inc.	Northern Palm Charter High School, Inc	North Nicholas High School	Palm Acres Charter High School, Inc
\$ 361,179	\$ 428,158	\$ 536,703	\$ 280,170	\$ 515,440	\$ 776,938
-	220,639	-	-	204,528	-
-	-	-	-	-	-
-	-	10,572	46,353	-	190,318
-	-	-	-	-	-
-	-	-	-	-	-
44,066	42,160	-	14,262	48,314	26,844
-	-	235,401	-	-	86,883
148,181	517,481	-	402,128	527,664	575,760
48,636	2,648	-	-	-	-
-	142,753	43,188	-	321,789	-
9,575	2,895	-	-	1,940	-
-	-	-	13,264	-	-
118,515	-	-	-	-	15,470
23,502	330,422	123,317	85,370	431,484	165,829
6,910	-	-	22,539	-	1,561
-	-	57,454	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 760,564</u>	<u>\$ 1,687,156</u>	<u>\$ 1,006,635</u>	<u>\$ 864,086</u>	<u>\$ 2,051,159</u>	<u>\$ 1,839,603</u>
\$ 1,758	\$ -	\$ 54,355	\$ -	\$ -	\$ -
17,470	42,406	-	-	44,706	516,120
9,308	42,846	-	-	99,810	-
<u>28,536</u>	<u>85,252</u>	<u>54,355</u>	<u>-</u>	<u>144,516</u>	<u>516,120</u>
<u>(732,028)</u>	<u>(1,601,904)</u>	<u>(952,280)</u>	<u>(864,086)</u>	<u>(1,906,643)</u>	<u>(1,323,483)</u>
526,104	1,252,404	397,016	265,289	1,924,220	1,746,427
207,567	301,813	579,552	5,000	-	5,000
-	-	503	-	-	-
<u>733,671</u>	<u>1,554,217</u>	<u>977,071</u>	<u>270,289</u>	<u>1,924,220</u>	<u>1,751,427</u>
1,643	(47,687)	24,791	(593,797)	17,577	427,944
(175,355)	257,111	3,047,411	-	47,658	(7,398)
-	-	-	(3,374)	-	-
<u>(175,355)</u>	<u>257,111</u>	<u>3,047,411</u>	<u>(3,374)</u>	<u>47,658</u>	<u>(7,398)</u>
<u>\$ (173,712)</u>	<u>\$ 209,424</u>	<u>\$ 3,072,202</u>	<u>\$ (597,171)</u>	<u>\$ 65,235</u>	<u>\$ 420,546</u>

(Continued)

THE SCHOOL DISTRICT OF LEE COUNTY
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2016

	Pivot Charter High School	Six Mile Charter Academy	Total Charter Schools
Governmental activities			
Expenses			
Instruction	\$ 478,834	\$ 3,871,556	\$ 26,938,804
Pupil Personnel Services	-	166,644	1,721,782
Instructional Media Services	-	1,471	1,471
Instruction and Curriculum Development Services	-	29,443	736,409
Instructional Staff Training Services	-	32,079	139,329
Instruction Related Technology	-	124,082	681,568
Board	-	23,414	518,088
General Administration	59,887	-	483,715
School Administration	285,415	506,703	6,212,546
Facilities Services	-	-	103,752
Fiscal Services	158,080	1,410,628	6,036,690
Food Services	-	338,711	2,200,212
Central Services	-	12,735	233,933
Pupil Transportation Services	50,395	600,243	4,214,332
Operation of Plant	451,696	1,054,247	11,028,111
Maintenance of Plant	-	131,360	1,020,725
Community Services	-	103,031	383,120
Interest and Fiscal Charges on Long-term Debt	-	994,046	4,295,031
Unallocated Depreciation Expense *	-	-	157,511
Total Expenses	\$ 1,484,307	\$ 9,400,393	\$ 67,107,129
Program Revenues			
Charges for Services	\$ -	\$ 223,670	\$ 963,186
Operating Grants and Contributions	-	622,013	5,380,431
Capital Grants and Contributions	37,344	183,641	1,801,008
Total Program Revenues	37,344	1,029,324	8,144,625
Net Program Revenues	(1,446,963)	(8,371,069)	(58,962,504)
General Revenues			
Other State Sources not restricted to specific programs	1,198,875	8,352,022	57,141,684
Other Local Sources not restricted to specific programs	3,393	56,932	2,230,723
Unrestricted Investment Earnings	-	-	503
Total General Revenues	1,202,268	8,408,954	59,372,910
Changes in Net Position	(244,695)	37,885	410,406
Net Position - July 1, 2015	1,144,635	(2,254,049)	(3,563,311)
Adjustment to Beginning Net Assets	(482,048)	-	(480,508)
Net Assets - July 1, 2015, Restated	662,587	(2,254,049)	(4,043,819)
Net Position-June 30, 2016	\$ 417,892	\$ (2,216,164)	\$ (3,633,413)

The Foundation for Lee County Public Schools, Inc.	Total Component Units
\$ -	\$ 26,938,804
-	1,721,782
-	1,471
-	736,409
-	139,329
-	681,568
-	518,088
-	483,715
-	6,212,546
-	103,752
-	6,036,690
-	2,200,212
-	233,933
-	4,214,332
-	11,028,111
-	1,020,725
2,134,577	2,517,697
-	4,295,031
-	157,511
<u>\$ 2,134,577</u>	<u>\$ 69,241,706</u>
\$ -	\$ 963,186
2,217,968	7,598,399
-	1,801,008
<u>2,217,968</u>	<u>10,362,593</u>
<u>83,391</u>	<u>(58,879,113)</u>
-	57,141,684
-	2,230,723
2,471	2,974
<u>2,471</u>	<u>59,375,381</u>
85,862	496,268
2,998,704	(564,607)
-	(480,508)
<u>2,998,704</u>	<u>(1,045,115)</u>
<u>\$ 3,084,566</u>	<u>\$ (548,847)</u>

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STATISTICAL SECTION

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

These 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)**

	<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>	<u>June 30, 2013</u>	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>
Primary Government:										
Net Investment in capital assets	\$ 647,961,848	\$ 802,535,660	\$ 889,658,611	\$ 903,539,567	\$ 896,693,252	\$ 903,860,005	\$ 887,783,551	\$ 892,757,501	\$ 866,637,441	\$ 851,527,173
Restricted	354,926,564	357,035,293	325,524,131	278,364,305	233,649,374	197,520,171	162,026,667	118,642,826	120,085,063	143,874,783
Unrestricted	75,881,940	77,204,138	34,495,460	59,858,412	110,911,102	86,954,265	69,149,197	78,560,813	(172,351,864)	(157,404,251)
Total Primary Government net position	<u>\$1,078,770,352</u>	<u>\$ 1,236,775,091</u>	<u>\$ 1,249,678,202</u>	<u>\$ 1,241,762,284</u>	<u>\$ 1,241,253,728</u>	<u>\$ 1,188,334,441</u>	<u>\$ 1,118,959,415</u>	<u>\$ 1,089,961,140</u>	<u>\$ 814,370,640</u>	<u>\$ 837,997,705</u>

Source: District Records

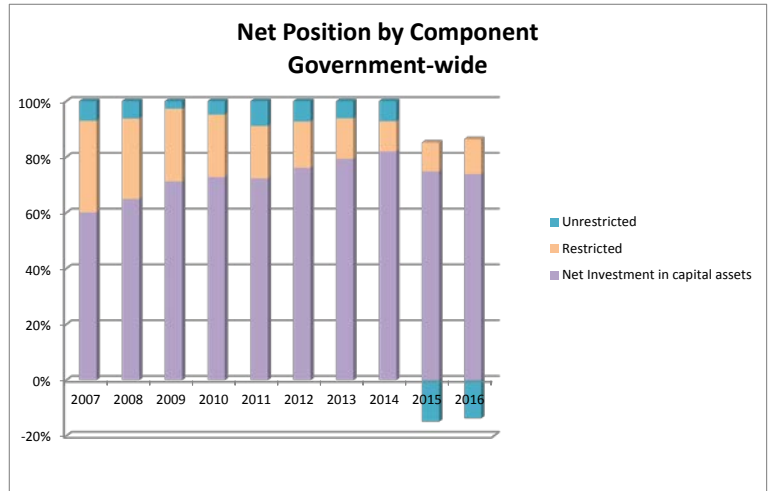


Table 3

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

	Post-GASB 54	Post-GASB 54	Post-GASB 54	Post-GASB 54	Post-GASB 54	Post-GASB 54
	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
General Fund						
Nonspendable	\$ 1,689,456	\$ 2,187,723	\$ 2,256,156	\$ 2,349,033	\$ 2,472,299	\$ 2,528,087
Restricted	6,379,538	14,139,594	11,662,553	12,775,113	15,167,227	19,736,496
Assigned	69,938,055	11,022,864	17,117,748	1,553,091	2,193,111	1,685,017
Unassigned	87,579,373	116,160,720	93,861,720	111,046,656	109,451,484	116,229,361
Total General Fund	<u>\$ 165,586,422</u>	<u>\$ 143,510,901</u>	<u>\$ 124,898,177</u>	<u>\$ 127,723,893</u>	<u>\$ 129,284,121</u>	<u>\$ 140,178,961</u>
All Other Governmental Funds						
Nonspendable	\$ 274,957	\$ 344,491	\$ 314,978	\$ 306,965	\$ 546,974	\$ 691,172
Restricted	259,742,244	190,494,828	149,993,931	105,260,748	104,070,862	123,147,115
Assigned	2,067,004	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 262,084,205</u>	<u>\$ 190,839,319</u>	<u>\$ 150,308,909</u>	<u>\$ 105,567,713</u>	<u>\$ 104,617,836</u>	<u>\$ 123,838,287</u>
	Pre-GASB 54					
	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010		
General Fund						
Reserved	\$ 21,222,681	\$ 31,899,552	\$ 20,908,431	\$ 20,137,618		
Unreserved	94,778,869	90,266,253	89,167,603	113,530,351		
Total General Fund	<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	\$ 85,490,784	\$ 54,516,378	\$ 46,280,105	\$ 11,456,547		
Unreserved, reported in:						
Special Revenue Funds	2,296,648	3,144,941	5,385,865	10,427,742		
Capital Projects Funds	249,575,746	284,647,817	262,856,930	247,955,414		
Total All Other Governmental Funds	<u>\$ 337,363,178</u>	<u>\$ 342,309,136</u>	<u>\$ 314,522,900</u>	<u>\$ 269,839,703</u>		

Source: District Records

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

	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
Federal Direct Sources:										
Reserve Officers Training Corps (ROTC)	\$ 844,945	\$ 776,072	\$ 912,913	\$ 979,958	\$ 1,089,726	\$ 1,260,711	\$ 1,436,160	\$ 1,487,186	\$ 1,550,039	\$ 1,693,731
Impact Aid	11,298	9,444	4,925	2,355	20,234	20,178	35,179	33,670	35,649	33,010
Pell Grants	-	-	-	-	-	-	-	2,087,527	-	-
Miscellaneous Federal Direct	5,826,108	6,886,362	6,910,777	8,974,884	9,946,147	9,821,818	11,552,855	15,205,945	19,506,514	19,619,329
Total Federal Direct	6,682,351	7,671,878	7,828,615	9,957,197	11,056,107	11,102,707	13,024,194	18,814,328	21,092,202	21,346,070
Federal Through State Sources:										
Medicaid	1,725,959	1,099,769	1,313,278	2,420,605	2,057,558	2,196,690	2,078,730	2,771,182	2,559,473	2,408,004
Food Service	16,371,623	18,854,635	20,430,332	23,858,206	26,464,668	27,986,673	29,379,199	30,251,849	31,694,451	37,899,971
Donated Foods and Cash in Lieu of	-	-	-	-	-	-	-	278,967	460,867	295,922
Other Federal Through State Grants	42,835,175	40,855,686	41,528,403	79,887,323	104,305,269	51,800,689	48,752,725	49,955,023	50,177,671	50,912,085
Total Federal Through State Sources	60,932,757	60,810,090	63,272,013	106,166,134	132,827,495	81,984,052	80,210,654	83,257,021	84,892,462	91,515,982
State Sources:										
Florida Education Finance Program (FEFP)	42,769,721	16,024,448	17,817,291	65,517,716	80,355,668	89,072,529	130,152,064	156,318,022	157,108,682	165,767,538
Workforce Development Program	-	11,122,931	10,531,771	-	9,473,074	10,159,251	10,064,375	9,890,385	9,889,670	10,026,007
Categorical Education Programs	100,898,152	119,464,388	36,533,686	5,911,240	-	-	-	-	-	-
Discretionary Lottery Funds	3,173,946	3,910,457	1,984,085	227,084	312,199	275,950	-	876,119	323,400	-
CO & DS Distributed to Districts	873,572	936,036	929,162	916,066	965,172	1,032,414	1,108,525	1,141,731	1,167,484	1,629,782
Interest on Undistributed CO & DS	79,789	77,087	32,368	35,937	37,441	35,202	32,007	16,436	22,936	10,635
CO & DS withheld for SBE/COBI Bonds	2,342,805	2,348,095	2,323,540	2,336,563	2,253,026	2,251,424	2,284,729	2,288,003	2,253,621	2,031,334
State License Tax	504,472	497,288	491,382	496,031	500,399	472,464	486,672	487,284	505,704	493,900
Food Services	432,956	447,046	478,189	511,914	528,273	582,536	565,787	569,509	564,330	562,875
SBE/COBI Bond Interest	17,735	20,385	678	1,333	326	(256)	9,760	97	1,851	376
Sales Tax Distribution	223,250	223,250	223,250	223,250	223,250	223,250	223,250	223,250	223,250	223,250
Public Education Capital Outlay	19,614,456	21,475,040	8,973,242	1,088,067	3,152,602	-	-	-	1,527,590	1,277,972
Class Size Reduction Program	73,681,172	35,776,033	85,279,249	88,741,650	92,645,707	94,203,723	96,629,891	97,026,663	98,655,320	99,525,290
Charter School Capital Outlay	2,974,782	3,351,654	4,732,956	4,891,005	4,540,302	4,167,303	3,554,080	5,551,748	4,157,950	2,477,285
State Grants and Other State Sources	898,136	977,110	854,470	483,948	7,926,158	6,771,605	6,776,521	6,728,280	7,605,793	8,168,306
Total State Sources	248,484,944	216,651,248	171,185,319	171,381,804	202,913,597	209,247,395	251,887,661	281,117,527	284,007,581	292,194,550
Taxes and Miscellaneous Sources:										
Ad Valorem Taxes	606,161,475	644,663,900	585,253,400	495,212,142	453,101,711	430,890,095	416,431,254	436,087,889	459,760,483	485,209,281
Rent	367,553	448,144	507,120	719,824	670,210	611,901	543,515	519,193	504,692	563,164
Child Care and Adult Course Fees	8,876,778	9,086,860	7,905,165	7,419,332	8,229,276	7,999,884	8,734,131	9,041,924	9,450,322	9,875,087
Food Service Sales	11,304,422	10,998,127	8,786,415	7,439,254	6,779,082	6,675,763	6,475,854	6,357,981	5,853,663	2,830,891
Interest Income	26,907,286	15,129,178	(1,829,571)	5,417,498	3,299,367	2,009,650	2,687,846	1,075,646	1,516,346	3,168,228
Gifts, Grants and Bequests	393,628	467,990	456,611	1,481,048	367,002	530,916	566,264	890,387	944,180	987,130
Impact Fees	33,188,509	5,542,570	2,565,553	4,682,432	2,780,641	3,833,326	3,776,456	1,807,460	2,767,510	6,137,978
Local Grants and Other Local Sources	5,761,414	8,221,756	7,664,193	13,044,107	7,447,942	7,574,976	8,506,497	6,474,001	9,229,924	10,209,424
Total Taxes and Miscellaneous Sources	692,961,065	694,558,525	611,308,886	535,415,637	482,675,231	460,126,511	447,721,817	462,254,481	490,027,120	518,981,183
Total Revenues	1,009,061,117	979,691,741	853,594,833	822,920,772	829,472,430	762,460,665	792,844,326	845,443,357	880,019,365	924,037,785

Expenditures

Instruction	381,370,770	409,764,188	417,694,474	414,895,169	436,605,401	418,281,865	438,716,531	455,149,280	471,369,228	478,381,855
Student Support Services	26,156,154	28,287,538	27,370,767	26,407,874	27,247,673	25,036,041	25,876,049	27,269,545	28,489,369	29,975,388
Instructional Media Services	6,935,178	7,230,806	6,279,903	4,684,420	4,287,385	5,073,542	4,293,740	4,076,432	3,979,897	4,112,761
Instruction & Curriculum Development Services	18,574,977	16,291,484	14,716,327	13,218,730	13,173,766	11,693,445	12,042,091	15,812,284	17,545,476	20,384,407
Instructional Staff Training Services	7,351,042	11,389,286	9,722,620	11,235,522	11,311,146	10,415,053	11,633,055	11,075,716	11,095,452	10,880,377
Instruction Related Technology	3,895,081	4,333,682	4,557,907	4,547,890	4,663,130	5,694,277	6,181,095	6,634,614	6,570,043	7,295,095
Board	888,663	945,379	879,726	781,919	793,839	832,635	859,492	899,374	929,472	954,337
General Administration	4,525,851	4,702,827	4,009,500	4,233,091	4,869,615	4,846,909	4,954,413	5,303,008	5,288,097	5,804,461
School Administration	39,277,753	42,485,096	43,017,294	41,321,862	42,700,204	40,590,505	41,995,343	43,276,063	44,813,725	45,148,863
Facilities Services	5,717,109	4,813,660	7,853,475	8,817,426	43,208,252	47,008,796	58,086,153	56,932,333	36,550,257	45,450,241
Fiscal Services	3,881,913	3,804,122	3,695,355	3,776,784	3,662,302	3,291,652	3,384,349	3,377,986	3,539,350	3,783,553
Food Service	30,150,633	29,819,922	27,258,408	26,979,027	29,239,256	31,095,080	33,419,140	37,477,013	35,900,193	38,726,448
Central Services	7,794,367	8,615,915	8,077,238	8,978,113	8,072,928	8,353,079	7,876,731	8,217,089	9,273,731	8,718,831
Student Transportation Services	44,478,650	49,678,515	45,234,651	44,890,196	47,435,530	47,114,585	48,546,573	51,612,381	51,883,896	51,134,340
Operation of Plant	65,724,126	68,526,588	65,270,390	64,305,699	64,057,630	63,523,851	64,779,091	63,491,054	66,354,947	64,170,207
Maintenance of Plant	15,084,733	16,286,982	15,104,396	15,192,197	14,998,770	14,260,930	14,340,708	15,017,778	15,117,700	15,401,562
Administrative Technology Services	3,717,669	3,899,495	4,476,119	4,623,126	5,294,441	5,318,278	5,400,395	5,966,705	5,811,533	5,493,704
Community Services	7,535,488	7,048,162	5,875,016	4,186,572	4,080,235	4,039,122	3,924,482	4,126,238	4,454,444	5,125,124
Capital Outlay										
Facilities Acquisition & Construction	277,280,326	195,721,540	133,685,326	87,643,545	4,534,128	57,570,549	12,354,082	20,295,567	4,506,531	1,116,341
Other Capital Outlay	5,188,432	5,195,361	4,125,633	3,302,752	12,034,365	8,394,998	13,097,011	8,594,674	13,465,816	9,961,398
Debt Service										
Principal	23,075,000	24,291,083	85,622,580	26,944,446	28,046,604	22,778,439	23,640,078	25,656,399	26,291,709	26,823,872
Interest and Fiscal Charges	27,248,784	26,310,451	25,501,216	23,406,338	22,549,742	20,467,619	19,167,501	17,756,347	16,113,573	15,343,234
Total Expenditures	1,005,852,699	969,442,082	960,028,321	844,372,698	832,866,342	855,681,250	854,568,103	888,017,880	879,344,439	894,186,399
Excess of Revenues										
Over (under) Expenditures	3,208,418	10,249,659	(106,433,488)	(21,451,926)	(3,393,912)	(93,220,585)	(61,723,777)	(42,574,523)	674,926	29,851,386
Other Financing Sources (Uses)										
Issuance of Refunding Bonds	-	-	-	1,285,000	310,000	795,000	-	998,000	4,893,000	-
Premium on Refunding Bonds	-	-	-	1,926,424	50,206	122,041	-	161,543	465,287	-
Issuance of Loans	3,451,257	-	6,306,547	-	-	-	1,447,460	-	-	-
Certificates of Participation Issued	-	21,215,000	60,000,000	26,950,000	50,307,000	165,255,000	-	25,287,000	132,560,000	-
Premium on Certificates of Participation	-	-	-	-	-	14,774,075	-	-	19,921,890	-
Loss Recoveries	895,542	351,198	250,934	330,126	454,093	747,891	188,710	572,687	222,938	263,905
Sale of Capital Assets	100,355	430,380	-	-	-	-	944,473	-	-	-
Transfer In	58,690,081	64,038,245	72,505,380	75,685,066	93,557,964	71,440,656	65,531,189	70,288,506	66,008,781	54,315,049
Payments to Refunded COPS/Bond Escrow Agent	-	(21,136,024)	-	(30,130,886)	(23,564,432)	(181,793,829)	-	(26,360,187)	(158,127,690)	-
Transfer Out	(58,690,081)	(64,038,245)	(72,505,380)	(75,685,066)	(93,557,964)	(71,440,656)	(65,531,189)	(70,288,506)	(66,008,781)	(54,315,049)
Total Other Financing Sources (Uses)	4,447,154	860,554	66,557,481	360,664	27,556,867	(99,822)	2,580,643	659,043	(64,575)	263,905
Net Change in Fund Balances	\$ 7,655,572	\$ 11,110,213	\$ (39,876,007)	\$ (21,091,262)	\$ 24,162,955	\$ (93,320,407)	\$ (59,143,134)	\$ (41,915,480)	\$ 610,351	\$ 30,115,291
Debt Service as a percentage of noncapital expenditures	6.6%	6.3%	13.0%	6.2%	6.2%	5.5%	5.2%	5.0%	4.9%	4.8%

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						
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%
2013	41,893,822	7,314,284	545,034	3,147,143	14,947,716	37,952,567	7.58	68,644,339	77.06%
2014	43,666,928	7,270,867	534,598	3,147,804	17,060,361	37,559,836	7.60	72,497,286	75.34%
2015	46,907,208	7,663,877	642,067	3,103,287	20,663,672	37,652,767	7.42	79,782,598	73.09%
2016	50,840,606	7,999,476	679,028	3,125,423	23,821,441	38,823,092	7.29	87,278,538	71.78%

Source: Lee County Tax Collector

¹ Includes tax-exempt property

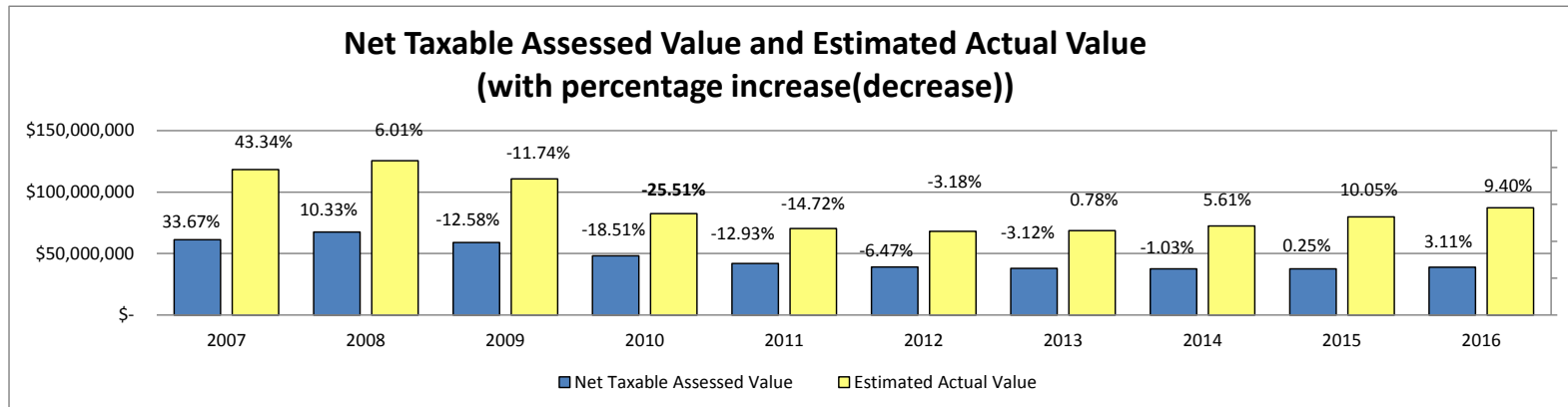


Table 6

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Lee County										
General Revenue	3.595	3.720	3.720	3.720	3.720	3.720	3.720	4.220	4.220	4.220
Capital Improvements	0.954	0.500	0.500	0.500	0.500	0.000	0.000	0.000	0.000	0.000
Total Lee County Millage	4.549	4.220	4.220	4.220	4.220	3.720	3.720	4.220	4.220	4.220
School District	7.012	6.960	6.868	7.508	8.015	7.854	7.584	7.598	7.416	7.285
Municipalities										
Cape Coral	4.941	4.833	4.833	7.970	7.970	7.957	7.957	7.707	7.707	6.957
Sanibel	2.898	2.578	2.611	2.615	2.591	2.526	2.557	2.531	2.415	2.311
Fort Myers	6.800	6.256	7.163	7.400	8.400	8.400	8.776	8.776	8.776	8.776
Fort Myers Beach	0.610	0.605	0.709	0.819	0.914	0.814	0.769	0.753	0.753	0.800
Bonita Springs	0.792	0.724	0.827	0.827	0.827	0.827	0.817	0.817	0.817	0.817
Total Municipalities Millage	16.041	14.996	16.143	19.631	20.702	20.524	20.876	20.584	20.468	19.661
Lee County Special Districts										
Lee County Hyacinth Control	0.022	0.021	0.021	0.028	0.310	0.310	0.030	0.029	0.028	0.026
Lee County Mosquito Control	0.170	0.164	0.164	0.213	0.239	0.239	0.230	0.252	0.240	0.240
South Fl. Water Management Dist.	0.697	0.624	0.624	0.624	0.624	0.436	0.429	0.411	0.384	0.355
West Coast Inland Waterway	0.040	0.039	0.039	0.039	0.039	0.039	0.039	0.039	0.039	0.039
MSTU (Unincorporated)	0.930	0.840	0.840	0.840	0.840	0.840	0.840	0.840	0.840	0.840
Lee County Library	1.300	1.241	1.179	1.258	1.312	1.229	1.229	1.428	1.404	1.318
Total Special Districts Millage	3.159	2.929	2.867	3.002	3.364	3.093	2.797	2.999	2.935	2.818
Other Special Districts ¹	.027-6.000	.025-3.000	.025-3.000	.015-3.500	.041-4.000	.010-4.000	.066-4.700	.0076-4.500	.0585-4.500	.0549-4.000
Total Direct and Overlapping Rates ²	30.761	29.105	30.098	34.361	36.301	35.191	34.977	35.401	35.039	33.984

¹ Includes fire protection districts and lighting 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	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
Fl Power & Light	\$ 956,325,140	1	1.527%	\$ 793,893,980	1	1.579%
Lee County Electric Coop	375,606,509	2	0.600%	244,180,480	3	0.486%
Christian & Missionary Alliance, Inc.	333,365,385	3	0.532%	204,011,860	4	0.406%
Coconut Point Developers, LLC	172,838,104	5	0.276%			
Embarq Florida, Inc	153,252,927	4	0.245%	417,455,040	2	0.830%
Miromar Outlet West LLC	110,349,733	6	0.176%			
Gulf Coast Town Center CMBS	99,415,553	7	0.159%			
Edison Mall Business Trust	95,680,693	9	0.153%	88,741,540	9	0.177%
Bell Tower Shops LLC	64,164,429	8	0.102%			
International Capital	55,690,699	10	0.089%	-		
K. Hovnanian First Homes LLC				131,526,820	5	0.262%
Centex Homes				125,742,180	6	0.250%
Thieman Enterprises LLC				113,958,600	7	0.227%
Bay Colony Gateway, Inc.				98,210,060	8	0.195%
Beach Road Development LP				85,453,960	10	0.170%
	<u>\$ 2,416,689,172</u>		<u>3.857%</u>	<u>\$ 2,303,174,520</u>		<u>4.582%</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
2007	\$ 628,825,980	\$ 605,730,088	96.33%	\$ 1,148,008	\$ 606,878,096	96.51%
2008	673,008,222	644,484,413	95.76%	4,904,675	649,389,088	96.49%
2009	606,574,530	599,212,175	98.79%	4,632,882	603,845,057	99.55%
2010	514,468,676	506,573,323	98.47%	3,241,835	509,815,158	99.10%
2011	472,729,944	465,862,569	98.55%	2,323,532	468,186,101	99.04%
2012	451,523,332	442,322,541	97.96%	1,228,447	443,550,988	98.23%
2013	432,674,296	429,593,960	99.29%	712,476	430,306,436	99.45%
2014	451,539,308	449,874,457	99.63%	522,120	450,396,577	99.75%
2015	477,812,166	475,572,585	99.53%	421,982	475,994,567	99.62%
2016	503,609,120	501,939,146	99.67%	-	501,939,146	99.67%

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

Source: Lee County Tax Collector

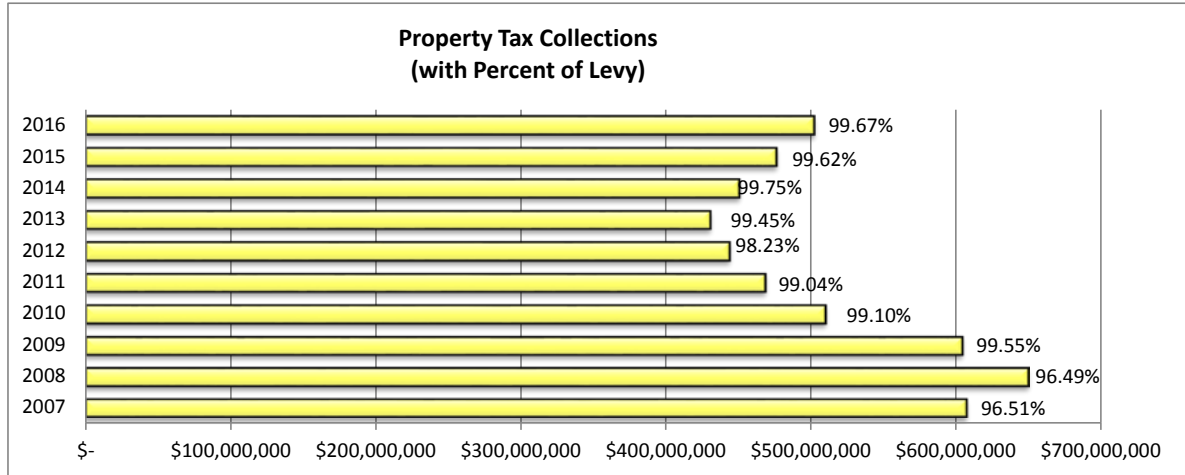


Table 9

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

Other Governmental Activities Debt								
Fiscal Year	State Board of Education Bonds ¹	Certificates of Participation ¹	Section 1013.23 Loans	Total Primary Government	Percentage of Net Taxable Assessed Value of Property ²	Percentage of Personal Income ³	Per Capita ³	
2007	\$ 21,006,615	\$ 580,514,651	\$ 3,568,840	\$ 605,090,106	0.99%	2.53%	982.29	
2008	19,602,736	557,931,791	3,343,042	580,877,569	0.86%	2.27%	919.50	
2009	18,158,856	533,914,940	9,337,009	561,410,805	0.95%	2.28%	912.68	
2010	16,635,256	508,946,484	8,567,563	534,149,303	1.11%	2.32%	857.52	
2011	15,063,679	509,959,310	7,766,959	532,789,948	1.27%	2.20%	852.04	
2012	13,424,854	488,321,129	6,908,520	508,654,503	1.30%	1.99%	805.69	
2013	11,714,048	466,668,088	7,445,903	485,828,039	1.28%	1.79%	752.88	
2014	9,793,078	441,584,903	6,335,504	457,713,485	1.22%	1.64%	692.34	
2015	7,522,931	405,938,966	5,165,795	418,627,692	1.11%	1.48%	616.07	
2016	5,782,782	381,212,806	3,933,922	390,929,510	1.01%	1.36%	556.89	

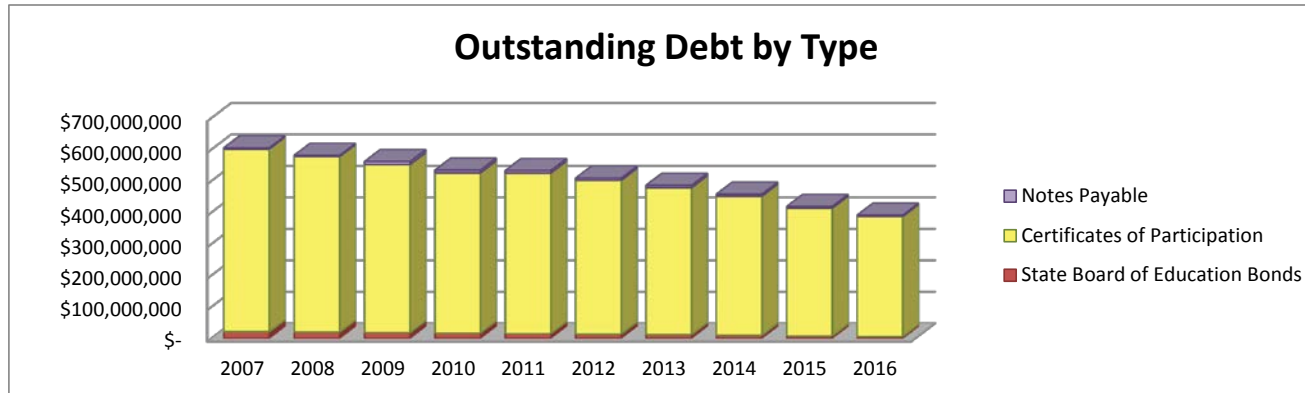
Note: Details regarding the district's outstanding debt can be found in the notes to the basic financial statements.

¹ The district did not refinance during 2016.

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, 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>	<u>June 30, 2013</u>	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>
Limit of bonded indebtedness, 10% of net assessed value of taxable property	\$ 6,120,157,700	\$ 6,752,480,400	\$ 5,903,228,700	\$ 4,810,658,100	\$ 4,188,676,800	\$ 3,917,579,200	\$ 3,795,256,700	\$ 3,755,983,600	\$ 3,765,276,700	\$ 3,882,309,200
Total bonded debt	20,500,000	19,135,000	17,730,000	16,120,000	14,560,000	12,885,000	11,235,000	9,373,000	7,169,000	5,495,000
Less amount available in Debt Service Funds	<u>550,407</u>	<u>523,435</u>	<u>473,143</u>	<u>438,473</u>	<u>401,473</u>	<u>363,704</u>	<u>306,223</u>	<u>233,871</u>	<u>194,248</u>	<u>132,577</u>
Total amount applicable to debt limit	<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>	<u>10,928,777</u>	<u>9,139,129</u>	<u>6,974,752</u>	<u>5,362,423</u>
Legal debt margin on bonded debt	<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>	<u>\$ 3,784,327,923</u>	<u>\$ 3,746,844,471</u>	<u>\$ 3,758,301,948</u>	<u>\$ 3,876,946,777</u>
Legal debt margin on bonded debt as a percentage of bonded debt limit	<u>99.67%</u>	<u>99.72%</u>	<u>99.71%</u>	<u>99.67%</u>	<u>99.66%</u>	<u>99.68%</u>	<u>99.71%</u>	<u>99.76%</u>	<u>99.81%</u>	<u>99.86%</u>

Note: The State of Florida does not have a limit on the amount of voter approved (General Obligation) debt.

Source: District Records

THE SCHOOL DISTRICT OF LEE COUNTY
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of June 30, 2016
(UNAUDITED)

FINANCIAL PARAMETERS

Direct debt:	
State Board of Education Bonds ⁽¹⁾	\$ 5,782,782
Section 1013.23 Loans	3,933,922
Certificates of Participation	<u>381,212,806</u>
Total Direct Debt	390,929,510
Overlapping debt ⁽²⁾	
Lee County ⁽³⁾	<u>212,083,000</u>
Total Direct and Overlapping debt	<u><u>\$ 603,012,510</u></u>
Population	701,982
Assessed property valuation (in thousands)	\$ 87,278,538
Net Assessed taxable property valuation (in thousands)	\$ 38,823,092

DEBT RATIOS

Percent of assessed property valuation	
Direct debt	0.45%
Overlapping debt	0.24%
Direct and overlapping debt	0.69%
Percent of net assessed taxable property valuation	
Direct debt	1.01%
Overlapping debt	0.55%
Direct and overlapping debt	1.55%
Per Capita	
Direct debt	\$ 557
Overlapping debt	\$ 302
Direct and overlapping debt	\$ 859

(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, 2016.

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

Fiscal Year	State Board of Education Bonds				Coverage
	Motor Vehicle Tax ¹	Principal	Interest		
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
2013	2,233,830	1,650,000	627,328		0.98
2014	2,236,557	1,730,000	548,498		0.98
2015	2,201,187	1,822,000	309,730		1.03
2016	1,977,534	1,674,000	364,967		0.97

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

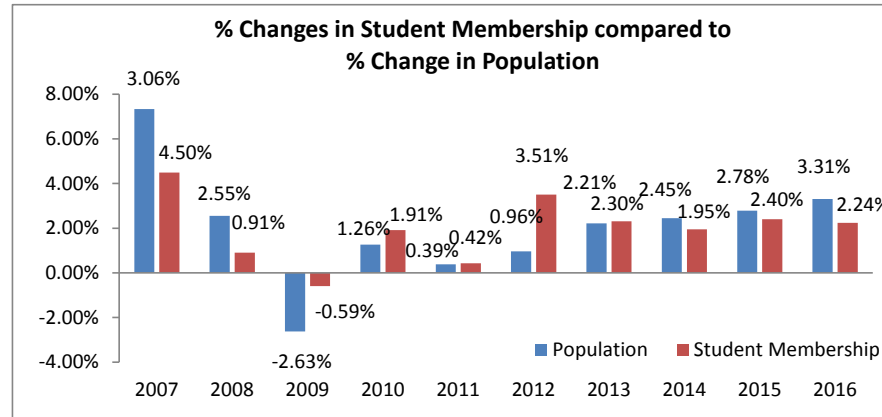
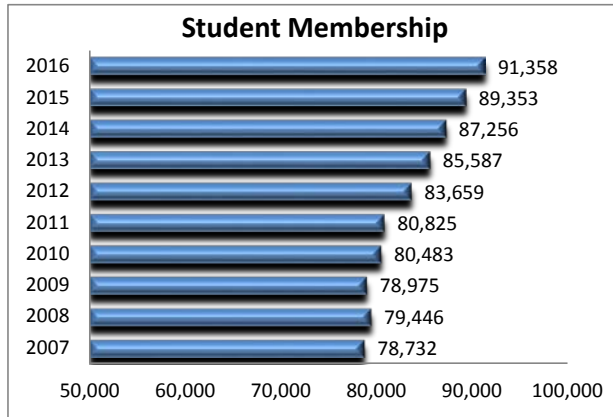
Note 2: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

Source: District Records

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

Fiscal Year	Estimated Population ⁴	Personal Income (thousands of dollars) ¹	Per Capita Personal Income ¹	Median Age ⁴	Average Daily School Membership (K through Grade 12)³	Unemployment Rate %²
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%
2013	645,293	27,161,256	43,022	45.6	85,587	7.4%
2014	661,115	27,856,374	43,169	45.5	87,256	6.1%
2015	679,513	28,292,424	42,795	46.0	89,353	5.2%
2016	701,982	28,704,773	42,243	46.4	91,358	4.6%

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	2016			2007		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Lee Memorial Health System	10,900	1	3.53%	8,000	2	2.83%
Lee County School Board	10,600	2	3.43%	10,930	1	3.86%
Publix Super Markets	5,007	3	1.62%	4,153	3	1.47%
Lee County Government	2,584	4	0.84%	2,481	4	0.88%
Wal-Mart Stores, Inc.	2,507	5	0.81%	2,189	5	0.77%
Home Depot	1,783	6	0.58%			0.00%
City of Cape Coral	1,654	7	0.53%	1,948	6	0.69%
Chico's FAS, Inc	1,642	8	0.53%	1,117	10	0.39%
Lee County Sheriff's Office	1,585	9	0.51%	1,422	7	0.50%
U.S Postal Service	1,477	10	0.48%	1,397	9	0.49%
Bonita Bay Group	-		0.00%	1,400	8	0.49%
Total	39,739		12.86%	35,037		12.37%

Source: Lee County Office of Economic Development, Florida Research and Economic Database, and U.S. Bureau of Labor Statistics.

**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
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
2013	5,281	328	3,525	9,134
2014	5,169	341	3,597	9,107
2015	5,385	345	3,777	9,507
2016	5,476	343	3,525	9,344

- (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

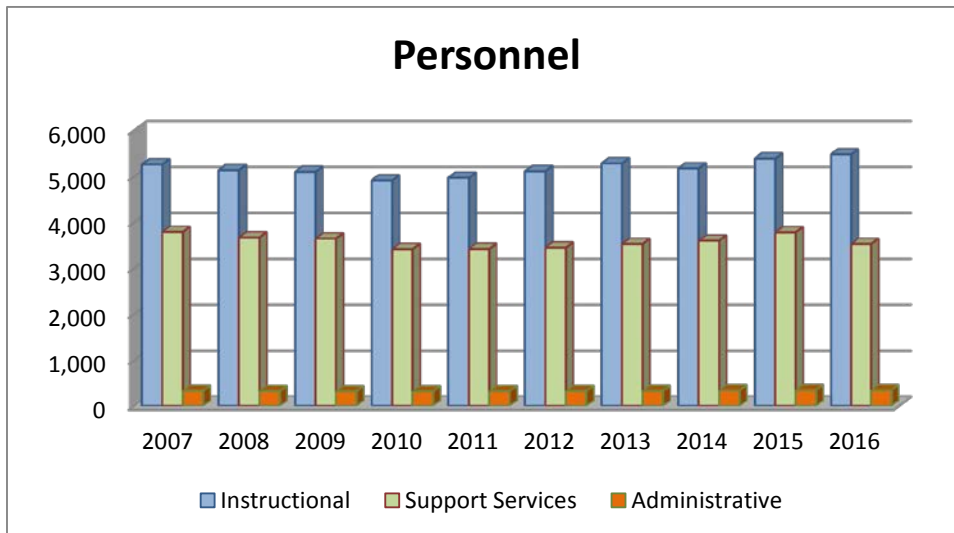
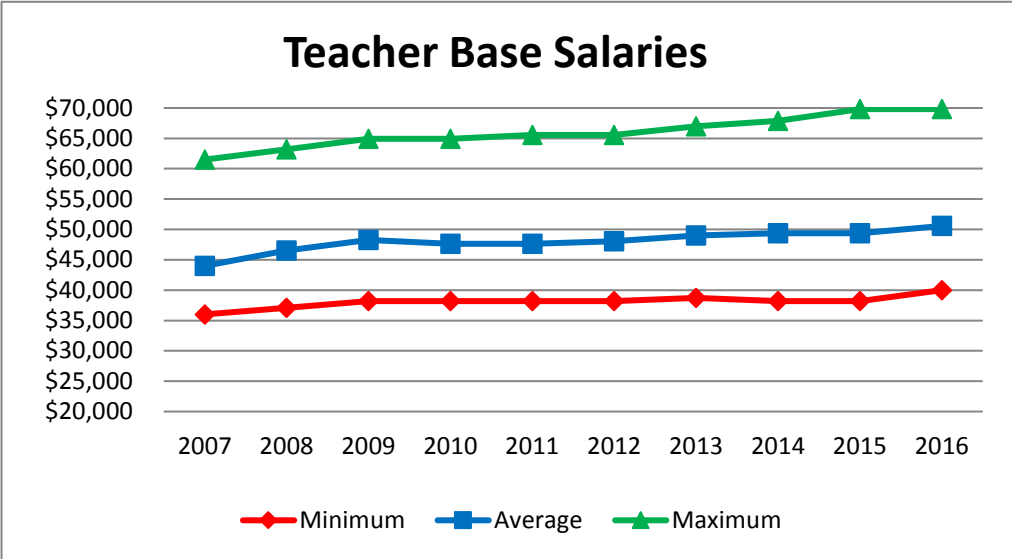


Table 16

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

Fiscal Year	Minimum Salary	Maximum Salary	Average Salary
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
2013	38,701	66,984	49,028
2014	38,192	67,869	49,377
2015	38,192	69,819	49,392
2016	40,000	69,819	50,568

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
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%
2013	854,568,103	85,587	9,985	-2.38%	5,281	16.21	93.82%
2014	888,017,880	87,256	10,177	1.93%	5,169	16.88	93.84%
2015	879,344,439	89,353	9,841	-3.30%	5,385	16.59	93.54%
2016	894,186,399	91,358	9,788	-0.54%	5,476	16.68	93.30%

Source: District Records

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

	<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>	<u>June 30, 2013</u>	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>6/30/2016¹</u>
Days Meals were Served	180	180	180	180	180	180	180	180	180	180
Average Number of Free and Reduced Meals Served Daily	36,134	40,188	44,936	51,626	57,503	59,417	59,771	60,856	62,437	76,745
Number of Free and Reduced Meals Served	6,504,061	7,233,770	8,088,525	9,292,739	10,350,523	10,695,067	10,758,865	10,954,113	11,238,624	13,814,058
Average Daily Subsidy Received	\$ 82,948	\$ 107,233	\$ 116,196	\$ 132,221	\$ 148,255	\$ 156,203	\$ 164,343	\$ 172,780	\$ 179,215	\$ 213,502
Total Subsidy Received	\$ 14,930,654	\$ 19,301,862	\$ 20,915,264	\$ 23,799,702	\$ 26,685,835	\$ 28,116,617	\$ 29,581,719	\$ 31,100,325	\$ 32,258,781	\$ 38,430,442
Average Number of Meals Served Daily	56,854	57,903	58,527	62,589	70,205	71,237	70,972	72,297	73,307	78,247
Number of Full Paid Meals Served	3,729,634	3,188,694	2,446,286	1,973,355	2,286,294	2,127,621	2,016,051	2,059,262	1,956,721	270,353
Average Daily Revenues	\$ 156,900	\$ 168,783	\$ 165,280	\$ 176,881	\$ 187,805	\$ 196,119	\$ 202,706	\$ 208,263	\$ 214,686	\$ 231,282
Total Revenues	\$ 28,241,984	\$ 30,380,852	\$ 29,750,388	\$ 31,838,517	\$ 33,804,923	\$ 35,301,408	\$ 36,487,013	\$ 37,487,371	\$ 38,643,497	\$ 41,630,724
Average Daily Costs	\$ 170,248	\$ 165,969	\$ 151,613	\$ 150,316	\$ 162,882	\$ 180,511	\$ 192,739	\$ 225,410	\$ 205,006	\$ 221,638
Total Costs	\$ 30,644,647	\$ 29,874,457	\$ 27,290,385	\$ 27,056,893	\$ 29,318,801	\$ 32,491,974	\$ 34,693,021	\$ 40,573,818	\$ 36,901,006	\$ 39,894,897

¹ 2016 was the first year 92 of 98 schools provided free breakfast and lunch to all students.

Source: District Records

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

	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
Elementary Schools										
Allen Park ES (1957)										
Square Feet	108,181	112,165	112,165	112,662	123,105	129,052	129,052	129,052	129,052	129,052
Capacity (students)	1,061	1,056	1,056	1,028	1,028	1,028	1,028	1,028	1,028	1,028
Enrollment	882	889	900	932	940	954	935	920	953	959
Alva School (K-8) (1886) ^g										
Square Feet	46,524	47,774	47,774	47,774	53,572	56,092	56,092	56,791	144,444	144,444
Capacity (students)	303	391	391	391	391	391	391	441	1,089	1,089
Enrollment	485	441	409	394	381	382	401	383	961	985
Bayshore ES (1966)										
Square Feet	82,271	85,873	85,873	85,873	86,380	87,182	87,182	91,368	91,368	91,368
Capacity (students)	693	693	693	693	693	693	693	693	693	693
Enrollment	641	615	552	583	590	620	621	639	613	602
Bonita Springs ES (1916)										
Square Feet	51,746	51,746	51,746	53,595	50,352	50,352	50,352	50,352	50,352	50,352
Capacity (students)	389	405	405	396	396	396	396	396	396	396
Enrollment	430	434	434	470	436	448	422	464	478	499
Caloosa ES (2000)										
Square Feet	136,458	141,632	141,632	141,632	143,029	133,604	133,604	133,604	133,604	133,604
Capacity (students)	1,075	1,075	1,075	1,085	1,085	1,085	1,085	1,085	1,085	1,085
Enrollment	1,014	1,061	1,017	981	939	940	920	912	914	913
Cape Coral ES (1963)										
Square Feet	101,435	114,054	114,054	114,054	113,774	112,871	112,871	112,871	112,871	112,871
Capacity (students)	878	916	898	898	898	898	898	898	898	898
Enrollment	878	800	752	769	739	713	739	735	763	742
Colonial ES (1978)										
Square Feet	108,334	109,524	109,524	109,524	114,769	114,769	114,769	114,983	114,983	114,983
Capacity (students)	965	965	965	922	922	922	922	922	922	922
Enrollment	804	755	695	774	799	743	761	799	789	796
Diplomat ES (1991)										
Square Feet	116,525	117,267	117,267	117,267	119,233	119,533	119,533	119,533	119,533	119,533
Capacity (students)	1,086	1,086	1,086	1,086	1,086	1,086	1,086	1,086	1,086	1,086
Enrollment	930	936	939	906	902	913	915	923	934	932
Edgewood Renaissance (1924)										
Square Feet	92,356	105,524	105,524	105,524	110,849	113,208	113,208	113,208	113,208	113,208
Capacity (students)	741	741	741	741	741	741	741	741	741	741
Enrollment	729	471	434	432	481	553	464	561	553	527
Edison Park ES (1926)										
Square Feet	70,956	70,956	70,956	70,956	74,381	72,843	72,843	72,843	72,843	72,843
Capacity (students)	449	449	449	457	455	455	455	455	455	455
Enrollment	366	381	387	383	365	360	371	374	365	352
Franklin Park ES (1954)										
Square Feet	82,723	94,148	94,148	94,148	93,245	89,228	89,228	89,228	89,228	89,228
Capacity (students)	579	579	579	579	579	579	579	579	579	579
Enrollment	542	527	506	499	479	505	435	442	427	454
Ft Myers Beach ES (1938)										
Square Feet	27,020	27,020	27,020	27,723	30,278	30,634	30,634	30,634	30,634	30,634
Capacity (students)	200	200	200	221	220	220	220	220	220	220
Enrollment	194	174	150	143	134	148	126	134	116	120

(Continued)

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

	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
Elementary Schools										
G. Weaver Hipps ES (2009)										
Square Feet	-	-	106,076	106,076	106,711	106,693	106,693	106,693	106,693	106,693
Capacity (students)	-	-	-	758	758	758	758	758	758	758
Enrollment	-	-	-	561	619	717	749	768	778	779
Gateway ES (1991)										
Square Feet	111,893	111,466	111,466	111,466	113,567	114,113	114,113	114,113	114,113	114,113
Capacity (students)	758	758	758	758	758	736	736	736	736	736
Enrollment	946	771	747	694	679	675	691	712	736	719
Gulf Elementary (1982)										
Square Feet	156,247	156,012	156,012	156,012	162,360	158,586	158,586	158,586	158,586	158,586
Capacity (students)	1,396	1,396	1,347	1,347	1,293	1,275	1,275	1,275	1,275	1,275
Enrollment	1,357	1,266	1,207	1,159	1,175	1,104	1,059	996	1,019	1,044
Hancock Creek ES (1992)										
Square Feet	143,537	145,890	145,890	145,890	146,342	145,802	145,802	145,802	145,802	145,802
Capacity (students)	1,044	1,044	1,044	1,044	1,044	1,044	1,044	1,044	1,044	1,044
Enrollment	953	903	883	874	883	878	837	804	821	845
Harns Marsh Elementary (2005)										
Square Feet	122,125	120,419	120,419	120,419	122,700	124,793	124,793	124,793	124,793	124,793
Capacity (students)	930	916	912	912	912	912	912	912	912	912
Enrollment	956	871	914	932	925	927	945	995	985	1,011
Hector Caferata Jr. Elementary (2006)										
Square Feet	69,380	71,199	71,199	71,199	74,726	74,927	74,927	74,927	74,927	74,927
Capacity (students)	883	883	883	883	883	883	883	883	883	883
Enrollment	758	739	736	717	757	752	757	744	689	695
Heights ES (1963)										
Square Feet	75,384	154,099	154,099	154,099	158,152	158,152	158,152	158,152	158,152	158,152
Capacity (students)	695	695	1,306	1,306	1,306	1,306	1,306	1,306	1,306	1,306
Enrollment	643	639	826	889	961	988	1,083	1,136	1,181	1,197
J. Colin English ES (1929)										
Square Feet	91,658	96,778	96,778	96,778	98,734	98,193	98,193	98,193	98,193	98,193
Capacity (students)	597	597	601	601	601	601	601	601	601	601
Enrollment	626	459	386	310	364	393	397	427	454	513
James Stephens Int'l Academy (K-8) (1958) b										
Square Feet	-	-	-	168,406	171,775	175,579	175,579	175,579	175,579	175,579
Capacity (students)	-	-	-	1,077	1,073	1,095	1,095	1,095	1,095	1,095
Enrollment	-	-	-	664	870	777	756	697	527	730
Lehigh ES (1958)										
Square Feet	79,533	79,533	149,735	149,735	149,855	146,199	146,199	146,199	146,199	146,199
Capacity (students)	764	764	758	1,056	1,056	1,056	1,056	1,056	1,056	1,056
Enrollment	1,024	890	802	834	875	1,021	1,048	1,104	1,196	1,179
Littleton ES (1991)										
Square Feet	108,424	118,279	118,279	118,279	120,545	120,545	120,545	120,545	120,545	120,545
Capacity (students)	738	738	738	738	738	738	738	738	738	738
Enrollment	772	701	621	593	538	531	523	535	545	549
Manatee ES (2008)										
Square Feet	-	127,358	127,358	127,358	128,642	128,557	128,557	128,557	128,557	128,557
Capacity (students)	-	1,070	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042
Enrollment	-	785	757	781	952	922	877	880	850	937

(Continued)

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

	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
Elementary Schools										
Michigan Montessori (K-8) (1964) ^b										
Square Feet	83,627	83,627	83,627	83,627	-	-	-	-	-	-
Capacity (students)	737	663	663	-	-	-	-	-	-	-
Enrollment	694	527	475	-	-	-	-	-	-	-
Mirror Lakes ES (1998)										
Square Feet	131,223	133,702	133,702	133,702	141,301	143,470	143,470	143,470	143,470	143,470
Capacity (students)	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,071	1,071	1,071
Enrollment	1,105	1,078	1,070	983	1,059	1,123	1,079	1,093	1,115	1,110
North Ft Myers Academy (K-8) (1973)										
Square Feet	197,630	205,425	205,425	205,425	232,632	200,855	200,855	200,855	200,855	200,855
Capacity (students)	1,509	1,358	1,315	1,417	1,409	1,409	1,409	1,409	1,409	1,409
Enrollment	1,255	993	1,016	1,005	1,012	992	976	1,054	1,115	1,120
Orange River ES (1957)										
Square Feet	93,586	97,883	97,883	97,883	98,124	100,794	100,794	100,799	100,799	100,799
Capacity (students)	817	817	817	817	817	817	817	817	817	817
Enrollment	875	850	790	795	807	830	827	804	817	817
Orangewood ES (1954)										
Square Feet	86,249	86,249	86,249	87,104	90,199	91,612	91,612	91,612	91,612	91,612
Capacity (students)	637	637	637	614	614	614	614	614	614	614
Enrollment	719	720	724	704	608	597	593	583	609	581
Patriot ES (2008)										
Square Feet	-	125,295	125,295	125,295	126,217	125,887	125,887	125,887	125,887	125,887
Capacity (students)	-	1,070	1,046	1,046	1,046	1,042	1,046	1,046	1,046	1,046
Enrollment	-	767	757	744	743	695	675	673	633	687
Pelican ES (1978)										
Square Feet	143,026	154,885	154,885	154,885	151,841	151,740	151,740	151,740	151,740	151,740
Capacity (students)	1,342	1,362	1,352	1,362	1,362	1,388	1,388	1,388	1,388	1,388
Enrollment	1,187	1,107	1,134	1,063	1,017	975	934	925	902	950
Pine Island ES (1955)										
Square Feet	54,379	54,391	54,391	54,391	54,635	54,153	54,153	54,153	54,153	54,153
Capacity (students)	391	391	391	391	391	391	391	391	391	391
Enrollment	356	318	302	294	284	246	242	236	247	217
Pinewoods ES (1992)										
Square Feet	132,170	126,864	126,864	127,328	145,979	145,752	145,752	145,752	145,752	145,752
Capacity (students)	1,044	1,044	1,044	1,060	1,060	1,060	1,060	1,060	1,060	1,060
Enrollment	952	969	954	904	898	931	950	967	1,013	1,080
Ray V. Pottorf Elementary (2005)										
Square Feet	122,162	121,475	121,453	121,453	122,936	124,900	124,900	124,900	124,900	124,900
Capacity (students)	930	912	882	864	864	864	864	864	864	864
Enrollment	679	644	602	616	642	643	649	702	730	727
Rayma Page Elementary (2004)										
Square Feet	122,162	113,591	118,093	117,936	119,637	119,637	119,637	119,637	119,637	119,637
Capacity (students)	836	836	846	846	846	846	846	846	846	846
Enrollment	663	642	647	720	736	777	798	831	856	849
River Hall Elementary (2006)										
Square Feet	118,394	124,040	124,040	124,040	124,525	124,525	124,525	124,525	124,525	124,525
Capacity (students)	1,076	1,046	1,046	1,046	1,046	1,046	1,046	1,046	1,046	1,046
Enrollment	841	867	903	915	942	915	934	975	913	960

(Continued)

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

	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
Elementary Schools										
San Carlos Park ES (1978)										
Square Feet	114,496	120,186	120,186	120,186	118,053	120,672	120,672	120,672	120,672	120,665
Capacity (students)	1,081	1,081	1,062	1,026	1,026	1,026	1,026	1,026	1,026	1,026
Enrollment	863	864	858	827	845	859	898	876	942	996
Skyline ES (1987)										
Square Feet	136,686	142,322	142,322	142,322	145,678	145,961	145,961	145,961	145,961	145,961
Capacity (students)	1,350	1,380	1,380	1,380	1,380	1,412	1,412	1,412	1,412	1,412
Enrollment	1,143	1,064	1,012	966	881	838	859	882	868	908
Spring Creek ES (1981)										
Square Feet	90,737	98,328	98,328	98,328	99,049	95,575	95,575	95,575	95,575	95,575
Capacity (students)	753	753	753	753	753	735	735	735	735	735
Enrollment	787	745	694	706	713	710	672	721	760	770
Sunshine ES (1986)										
Square Feet	122,078	126,484	126,484	126,484	128,990	129,061	129,061	129,061	129,061	129,061
Capacity (students)	1,209	1,191	1,191	1,191	1,191	1,108	1,108	1,108	1,108	1,108
Enrollment	1,135	1,148	1,132	1,118	1,133	1,143	1,124	1,168	1,218	1,185
Tanglewood Riverside ES (1970)										
Square Feet	94,870	94,870	98,639	98,639	107,392	108,195	108,195	108,195	108,195	108,195
Capacity (students)	789	793	773	786	786	786	786	786	786	786
Enrollment	710	722	710	751	712	714	725	749	774	766
The Sanibel School (K-8) (1962)										
Square Feet	55,777	73,577	73,577	73,577	70,792	80,981	80,981	80,981	80,981	80,981
Capacity (students)	395	395	395	439	439	423	423	423	423	423
Enrollment	386	367	372	368	337	342	337	338	338	315
Three Oaks ES (1987)										
Square Feet	86,694	91,616	91,616	91,616	92,483	93,886	93,886	93,886	93,886	93,886
Capacity (students)	738	738	738	731	731	731	731	731	731	731
Enrollment	865	776	762	745	808	798	810	845	894	900
Tice ES (1927)										
Square Feet	70,443	70,443	70,443	70,443	70,247	69,451	114,593	106,028	106,028	106,028
Capacity (students)	587	587	587	587	587	587	679	616	616	616
Enrollment	685	578	554	495	480	451	485	475	509	567
Tortuga Preserve ES (2012)										
Square Feet	-	-	-	-	-	129,114	129,936	129,936	129,936	129,936
Capacity (students)	-	-	-	-	-	1,050	1,056	1,056	1,056	1,056
Enrollment	-	-	-	-	-	-	723	911	952	941
Trafalgar ES (2004)										
Square Feet	86,988	91,577	91,577	91,577	92,367	92,377	92,377	92,377	92,377	92,377
Capacity (students)	977	977	1,036	1,036	998	998	998	998	998	998
Enrollment	894	873	828	817	844	844	833	834	815	805
Treeline ES (2008)										
Square Feet	-	101,574	125,155	125,155	128,983	129,597	129,597	129,597	129,597	129,597
Capacity (students)	-	758	1,029	1,029	1,029	1,029	1,029	1,029	1,029	1,029
Enrollment	-	672	896	872	914	952	1,014	999	1,027	1,041
Tropic Isles ES (1959)										
Square Feet	110,590	110,590	110,590	110,590	109,921	117,098	117,098	117,098	117,098	117,098
Capacity (students)	1,051	1,051	1,051	1,051	1,051	1,051	1,051	1,051	1,051	1,051
Enrollment	1,047	936	875	931	933	972	973	925	980	972

(Continued)

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

	<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>	<u>June 30, 2013</u>	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>
Elementary Schools										
Veterans Park Academy K-8 (2004)										
Square Feet	196,574	196,821	196,821	196,821	202,802	247,972	247,972	247,972	247,972	247,972
Capacity (students)	1,767	1,767	1,768	1,964	1,967	1,945	1,945	1,945	1,945	1,945
Enrollment	1,483	1,547	1,439	1,392	1,448	1,482	1,428	1,497	1,555	1,580
Villas ES (1961)										
Square Feet	104,802	112,453	112,453	112,453	114,894	115,515	115,515	115,515	115,515	115,515
Capacity (students)	942	943	881	881	881	881	881	881	881	881
Enrollment	885	844	805	784	785	788	809	811	808	843

(Continued)

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

	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
Middle Schools										
Alva MS (1927) ^g										
Square Feet	81,826	83,208	83,208	83,208	83,882	87,563	87,563	87,563	-	-
Capacity (students)	513	514	514	571	556	556	556	648	-	-
Enrollment	524	580	531	562	506	534	549	549	-	-
Bonita Springs MS (1976)										
Square Feet	120,723	126,497	126,497	126,497	123,971	129,498	129,498	129,498	129,498	129,498
Capacity (students)	875	876	888	988	982	990	990	990	990	990
Enrollment	576	599	652	625	641	696	779	779	817	866
Caloosa MS (2000)										
Square Feet	132,060	132,111	132,111	132,111	136,609	166,253	166,253	166,253	166,253	166,253
Capacity (students)	1,005	1,005	1,013	1,126	1,137	1,159	1,159	1,159	1,159	1,159
Enrollment	1,063	886	852	876	886	895	901	901	896	885
Challenger MS (2008)										
Square Feet	-	162,113	162,113	162,113	161,941	161,808	161,808	161,808	161,808	161,808
Capacity (students)	-	1,257	1,230	1,367	1,366	1,366	1,366	1,366	1,366	1,366
Enrollment	-	863	970	1,024	1,088	1,083	1,079	1,079	1,089	1,047
Cypress Lake MS (1961)										
Square Feet	137,171	137,171	137,171	137,175	139,611	137,523	137,523	137,523	137,523	137,523
Capacity (students)	880	880	880	896	941	941	941	941	941	941
Enrollment	822	742	717	715	713	731	774	774	829	814
Diplomat MS (1999)										
Square Feet	138,827	139,855	139,855	139,855	146,584	171,107	171,107	171,107	171,107	171,107
Capacity (students)	973	974	974	1,082	1,072	1,094	1,094	1,094	1,094	1,094
Enrollment	1,043	862	818	842	841	841	849	849	857	840
Ft Myers Middle Academy (1951)										
Square Feet	125,734	125,734	125,675	125,675	125,676	128,511	128,511	128,511	128,511	128,511
Capacity (students)	857	858	858	954	952	952	952	952	952	952
Enrollment	694	613	702	536	617	522	488	488	469	570
Gulf Middle (1981)										
Square Feet	126,599	129,821	129,821	129,821	131,988	131,834	131,834	131,834	131,834	131,834
Capacity (students)	1,024	923	943	1,048	1,046	1,024	1,024	1,024	1,024	1,024
Enrollment	1,109	975	838	798	826	778	789	789	813	793
Harnes Marsh MS (2012)										
Square Feet	-	-	-	-	-	163,814	164,662	164,662	164,662	164,662
Capacity (students)	-	-	-	-	-	1,345	1,325	1,325	1,325	1,325
Enrollment	-	-	-	-	-	-	1,066	1,066	1,114	1,040
Lee MS (1958) ^c										
Square Feet	145,535	148,002	168,406	-	-	-	-	-	-	-
Capacity (students)	1,029	926	926	-	-	-	-	-	-	-
Enrollment	685	585	472	-	-	-	-	-	-	-
Lehigh Acres MS (1982)										
Square Feet	126,595	127,054	127,054	127,054	130,421	130,421	130,421	130,421	130,421	130,421
Capacity (students)	1,129	1,057	1,058	1,175	1,177	1,177	1,177	1,177	1,177	1,177
Enrollment	1,006	1,049	1,012	988	1,034	1,134	1,064	1,045	1,069	1,157
Lexington Middle School (2005)										
Square Feet	160,706	175,499	175,499	175,499	169,591	172,672	172,672	172,672	172,672	172,672
Capacity (students)	1,141	1,027	1,031	1,147	1,146	1,146	1,146	1,146	1,146	1,146
Enrollment	867	828	859	909	899	896	914	933	990	1,036

(Continued)

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

	<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>	<u>June 30, 2013</u>	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>
Middle Schools										
Mariner MS (2004)										
Square Feet	134,668	135,183	135,183	135,183	149,247	151,198	151,198	151,198	151,198	151,198
Capacity (students)	1,268	1,141	1,141	1,268	1,270	1,294	1,294	1,294	1,294	1,294
Enrollment	963	910	1,078	942	866	849	911	919	881	883
Oak Hammock MS (2009)										
Square Feet	-	-	153,490	153,490	160,262	160,246	160,246	160,246	160,246	160,246
Capacity (students)	-	-	1,224	1,360	1,360	1,360	1,360	1,360	1,360	1,360
Enrollment	-	-	826	1,165	1,224	1,260	1,071	1,088	1,164	1,163
Paul Laurence Dunbar MS (1962)										
Square Feet	163,548	163,548	163,548	163,548	161,250	157,828	157,828	157,828	157,828	157,828
Capacity (students)	1,126	1,013	1,013	1,126	1,124	1,124	1,124	1,124	1,124	1,124
Enrollment	881	946	837	879	806	848	933	969	904	855
Three Oaks MS (1991)										
Square Feet	137,880	144,127	144,127	144,127	145,838	152,119	152,119	152,119	152,119	152,119
Capacity (students)	987	987	986	1,097	1,096	1,096	1,096	1,096	1,096	1,096
Enrollment	825	776	771	795	817	851	900	938	974	969
Trafalgar MS (1989)										
Square Feet	143,128	143,159	143,159	143,159	141,307	145,346	145,346	145,346	145,346	145,346
Capacity (students)	1,034	1,034	1,034	1,092	1,092	1,092	1,092	1,092	1,092	1,092
Enrollment	1,240	1,067	898	819	855	832	847	843	874	908
Varsity Lakes MS (2004)										
Square Feet	150,722	160,893	160,890	160,890	160,998	160,998	160,998	160,998	160,998	160,998
Capacity (students)	1,024	1,024	1,044	1,162	1,209	1,209	1,209	1,209	1,209	1,209
Enrollment	953	958	841	912	1,000	1,097	956	998	1,053	1,055

(Continued)

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

	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
High Schools										
Cape Coral Sr HS (1978)										
Square Feet	262,475	262,945	263,353	263,353	270,155	272,847	272,847	272,847	272,847	272,847
Capacity (students)	1,821	1,821	1,759	1,855	1,853	1,843	1,843	1,843	1,843	1,843
Enrollment	2,107	1,907	1,699	1,556	1,493	1,444	1,519	1,577	1,591	1,549
Cypress Lake Sr HS (1967)										
Square Feet	276,380	276,380	276,380	276,380	270,449	269,521	269,521	269,521	269,521	269,378
Capacity (students)	1,712	1,727	1,643	1,706	1,700	1,700	1,700	1,700	1,700	1,700
Enrollment	1,423	1,321	1,261	1,532	1,442	1,447	1,481	1,369	1,466	1,532
Dunbar HS (2000)										
Square Feet	202,324	202,802	210,097	210,097	210,611	234,470	121,018	121,018	255,430	255,430
Capacity (students)	1,176	1,242	1,186	1,249	1,254	1,225	697	712	1,912	1,912
Enrollment	808	814	842	716	737	861	875	1,058	1,277	1,718
East HS (2006)										
Square Feet	100,741	313,853	313,853	313,853	318,740	312,333	312,333	312,333	312,333	312,333
Capacity (students)	1,102	1,938	1,947	2,049	2,057	2,057	2,057	2,057	2,057	2,057
Enrollment	756	1,417	1,447	1,499	1,530	1,597	1,593	1,644	1,726	1,822
Eestero Sr HS (1985)										
Square Feet	273,777	268,042	268,042	267,550	270,953	272,710	272,710	272,710	272,710	272,710
Capacity (students)	1,932	1,695	1,639	1,710	1,704	1,704	1,704	1,704	1,704	1,704
Enrollment	1,534	1,438	1,360	1,424	1,434	1,480	1,573	1,667	1,657	1,708
Ft Myers Sr HS (1921)										
Square Feet	276,931	276,931	276,931	276,928	274,864	264,335	264,335	264,335	264,335	264,335
Capacity (students)	2,067	1,954	1,869	1,960	1,963	1,963	1,963	1,963	1,963	1,963
Enrollment	1,911	1,804	1,645	1,728	1,802	1,790	1,853	1,857	1,866	1,814
Ida S. Baker HS (2005)										
Square Feet	299,696	313,582	313,559	313,559	314,162	309,507	309,507	309,507	309,507	309,507
Capacity (students)	2,137	2,030	1,941	1,995	1,991	1,991	1,991	1,991	1,991	1,991
Enrollment	1,914	1,973	1,814	1,832	1,704	1,710	1,659	1,683	1,746	1,718
Island Coast HS (2008)										
Square Feet	-	42,300	266,259	266,259	264,356	269,599	269,599	269,599	269,599	268,866
Capacity (students)	-	391	1,968	2,060	2,059	2,059	2,059	2,059	2,059	2,059
Enrollment	-	391	1,125	1,444	1,517	1,522	1,480	1,386	1,429	1,545
Lehigh Sr HS (1994)										
Square Feet	283,299	286,602	286,602	286,602	308,610	289,278	289,278	289,278	289,278	289,278
Capacity (students)	1,962	1,864	1,733	1,825	1,824	1,824	1,824	1,824	1,824	1,824
Enrollment	1,979	1,529	1,363	1,321	1,414	1,575	1,775	1,689	1,774	1,718
Mariner Sr HS (1986)										
Square Feet	253,905	253,905	253,905	253,905	256,523	258,181	258,181	258,181	258,181	258,181
Capacity (students)	1,812	1,721	1,636	1,724	1,725	1,725	1,725	1,725	1,725	1,725
Enrollment	1,913	1,805	1,559	1,402	1,361	1,436	1,437	1,485	1,507	1,481
North Ft Myers Sr HS (1960)										
Square Feet	254,877	254,877	254,877	254,877	257,992	258,399	258,399	258,399	258,399	258,399
Capacity (students)	1,946	1,849	1,763	1,859	1,858	1,804	1,804	1,804	1,804	1,804
Enrollment	1,972	1,863	1,596	1,512	1,517	1,578	1,585	1,572	1,624	1,612
Riverdale High 6-12 (1972)										
Square Feet	238,328	250,474	250,474	250,474	246,290	250,303	250,303	250,303	250,303	250,303
Capacity (students)	1,944	2,053	1,927	2,028	2,029	2,040	2,040	2,040	2,040	2,040
Enrollment	2,074	1,908	1,501	1,541	1,594	1,758	1,901	1,830	1,943	1,975

(Continued)

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

	<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>	<u>June 30, 2013</u>	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>
High Schools										
South HS (2006)										
Square Feet	300,310	312,519	312,519	312,519	313,589	309,136	309,136	309,136	309,136	309,096
Capacity (students)	2,050	1,926	1,925	2,054	2,057	2,077	2,077	2,077	2,077	2,127
Enrollment	1,187	1,205	1,358	1,473	1,651	1,676	1,758	1,711	1,796	1,912

(Continued)

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

	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016
Special Schools										
ALC West (2008)										
Square Feet	-	22,566	22,566	22,566	22,566	22,566	22,566	22,566	22,566	22,566
Capacity (students)	-	265	265	265	265	265	265	265	265	265
Enrollment	-	194	175	163	177	141	97	110	85	61
Buckingham Exceptional Ctr (1984)										
Square Feet	26,383	27,880	27,880	27,880	28,551	32,552	32,552	32,552	32,552	32,552
Capacity (students)	100	100	100	100	100	100	100	100	100	100
Enrollment	108	103	110	109	105	99	98	87	88	90
Cape Coral Institute of Technology (1991) ^e										
Square Feet	61,927	61,927	61,927	61,927	64,842	64,798	64,798	64,798	64,798	64,798
Capacity (students)	324	324	324	324	324	324	324	324	324	324
Enrollment ^d	44	67	50	28	28	27	-	-	-	-
Ft. Myers Institute of Technology (1966) ^e										
Square Feet	181,289	182,684	182,684	182,684	184,153	184,255	184,255	184,255	184,255	184,255
Capacity (students)	695	695	648	648	649	654	654	654	654	654
Enrollment ^d	63	74	91	55	62	53	-	-	-	-
Lee County Public Service Academy (1964) ^c										
Square Feet	-	-	-	83,627	85,846	106,068	106,068	106,068	106,068	106,068
Capacity (students)	-	-	-	737	741	270	270	270	270	270
Enrollment	-	-	-	-	-	-	-	-	-	-
New Directions School (1993)										
Square Feet	141,483	141,483	141,483	141,483	147,758	145,027	145,027	145,027	145,027	145,027
Capacity (students)	665	665	645	615	614	636	636	636	636	636
Enrollment	833	608	505	490	462	360	374	353	283	227
Royal Palm Exceptional (1994)										
Square Feet	59,332	59,332	59,332	59,332	59,484	60,347	60,347	60,347	60,347	60,347
Capacity (students)	230	230	230	230	230	230	230	230	230	230
Enrollment	202	196	174	165	173	161	170	152	128	155

(Continued)

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

	<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>	<u>June 30, 2013</u>	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>
Ancillary Facilities										
Adams Building (1974) ^f										
Square Feet	64,320	64,320	64,320	64,320	64,320	64,320	64,320	-	-	-
Dunbar Community (1910)										
Square Feet	35,237	22,301	22,301	22,301	21,465	21,153	21,153	21,153	21,153	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	20,395	20,395	20,395	20,395	20,395	20,395
Hipps Building (1955) ^f										
Square Feet	40,222	40,222	40,222	40,222	39,184	39,184	39,184	-	-	-
Maintenance (1972)										
Square Feet	65,419	65,419	63,801	63,801	62,762	62,762	62,762	62,762	62,762	62,762
New Administrative Complex (1986) ^a										
Square Feet	298,859	298,859	298,859	298,859	288,475	309,577	309,577	309,577	309,577	310,001
R&R Building (1975)										
Square Feet	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	9,984
Supply (1960)										
Square Feet	18,308	18,308	18,308	18,308	18,417	18,417	18,417	18,417	18,417	18,417
Transportation Central (1960)										
Square Feet	12,456	28,307	28,307	28,307	28,852	28,909	28,909	28,909	28,909	28,909
Transportation East (2004)										
Square Feet	6,568	6,568	6,568	6,568	6,351	9,361	9,361	9,361	9,361	9,361
Transportation Leonard (2009)										
Square Feet	-	-	25,124	25,124	25,125	24,699	24,699	24,699	24,699	24,699
Transportation West (1995)										
Square Feet	34,826	20,492	20,492	20,492	22,602	28,685	28,685	28,685	28,685	28,685
Transportation 6 Mile Cypress (2004)										
Square Feet	26,965	26,965	26,965	26,965	25,540	39,729	39,729	39,729	39,729	39,729

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 Michigan Montessori (K-8) was moved to Lee Middle and renamed James Stephens Int'l Academy beginning 2010.

^c Lee County Public Service Academy was housed at Ft. Myers Institute of Technology prior to 2011, then moved to the old Michigan Montessori facility in 2011.

^d Students reported under home high school beginning 2013.

^e Lee County High Tech Central was renamed Ft. Myers Institute of Technology during 2014 and renamed Fort Myers Technical College during 2015. North Vo-Tech was renamed Cape Coral Institute of Technology during 2014 and renamed Cape Coral Technicla College during 2015.

^f Building was sold July 2013.

OTHER INDEPENDENT AUDITOR'S
REPORTS, SCHEDULES, AND
OTHER INFORMATION



MOORE STEPHENS
LOVELACE, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

**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**

School Board and Superintendent
School District of Lee County, Florida
Fort Myers, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the School District of Lee County, Florida (the "District") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 2, 2016. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component units, as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Pursuant to provisions of Chapter 10.800, *Rules of the Auditor General*, we reported certain matters to management of the District in a separate management letter and Independent Accountant's Report dated December 2, 2016.

Purpose of this Report

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



MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
December 2, 2016



MOORE STEPHENS
LOVELACE, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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

School Board and Superintendent
School District of Lee County, Florida
Fort Myers, Florida

Report on Compliance for Each Major Federal Program

We have audited the compliance of the School District of Lee County, Florida (the "District") with the types of compliance requirements described in the U.S. Office of Management and Budget *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the basic financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated December 2, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. Our report on the basic financial statements included disclosures regarding our reference to the reports of other auditors. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis, as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

School Board and Superintendent
School District of Lee County, Florida

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance (Cont.)

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Moore Stephens Lovelace, P.A.

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
December 2, 2016

SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2016

Section I - Summary of Independent Auditor's Results

Financial Statements

Type of Auditor's Report Issued:

Unmodified Opinion

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)? ___ Yes X None reported

Type of report issued on compliance for major federal program: **Unmodified Opinion**

Any audit findings disclosed that are required to be reported in accordance with Section 200.516 of the Uniform Guidance? ___ Yes X No

Identification of Major Programs:

CFDA Numbers

Name of Federal Program or Cluster

84.010	Title I Grants to Local Education Agencies
84.048	Career and Technical Education Basic Grants to States
84.367	Improving Teacher Quality State Grants

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

Auditee qualified as low-risk auditee? X Yes ___ No

SCHOOL DISTRICT OF LEE COUNTY, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*)

For the Year Ended June 30, 2016

Section II - Findings Related to the Financial Statement Audit, as required to be reported in accordance with *Government Auditing Standards*.

No matters were reported.

Section III - Federal Awards Findings and Questioned Costs Section reported in accordance with the Uniform Guidance.

No matters were reported.

SCHOOL DISTRICT OF LEE COUNTY, FLORIDA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2016

FEDERAL GRANT PROGRAM AUDIT FINDINGS

No matters were reported.

SCHOOL DISTRICT OF LEE COUNTY, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2016

<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	13002	\$ 8,233,638
National School Lunch Program	10.555 ⁽²⁾	13001, 13003	28,484,303
After School Snack Program	10.555	13005	439,197
Summer Food Service Program for Children	10.559	13006, 13007	767,699
Total Child Nutrition Cluster			<u>37,924,837</u>
Florida Department of Agriculture & Consumer Services:			
Fresh Fruit and Vegetable Program	10.582	13004	237,652
Total United States Department of Agriculture			<u>38,162,489</u>
United States Department Of Education:			
Direct:			
Impact Aid (Title VIII of ESEA)	84.041	n/a	33,010
Federal Pell Grant Program	84.063	2965/4844	1,543,191
Magnet Schools Assistance	84.165	U165A110046	259,291
Arts in Education	84.351	U351C120026	45,070
Teacher Incentive Fund	84.374	S374A120024	9,791,285
Total Direct			<u>11,671,847</u>
Indirect:			
Special Education Cluster:			
Florida Department of Education:			
Special Education-Grants To States	84.027	262, 263	16,398,474
Special Education-Preschool Grants	84.173	266, 267	482,917
Total Special Education Cluster			<u>16,881,391</u>
Florida Department of Education:			
Adult Ed - Basic Grants to States	84.002	191, 193	1,149,671
Title I Grants to Local Educational Agencies	84.010	212, 223, 226	27,135,439
Migrant Education - State Grant Program	84.011	217	427,659
Career and Technical Education - Basic Grants to States	84.048	161	1,176,125
Education for Homeless Children and Youth	84.196	127	95,232
Charter Schools	84.282	298	791,024
Twenty-First Century Community Learning Centers	84.287	244	2,135
English Language Acquisition Grants	84.365	102	924,217
Improving Teacher Quality State Grants	84.367	224	2,331,632
Race to the Top - Local Education Agencies Formula Subgrants	84.395	111, 311	57,179
Total Indirect			<u>34,090,313</u>
Total United States Department of Education			<u>62,643,551</u>

SCHOOL DISTRICT OF LEE COUNTY, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

For the Fiscal Year Ended June 30, 2016

<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</u>
United States Department Of Health & Human Services:			
Direct:			
Head Start/Early Head Start	93.600 ⁽³⁾	04CH4749/01&02, 04HP0015/01	\$ 7,980,492
United States Department Of Defense:			
Direct:			
Army Junior Reserve Officers Training Corps		N/A	1,693,731
Total Expenditures of Federal Awards			\$ 110,480,263

- (1) Basis of Presentation. The Schedule of Expenditures of Federal Awards represents amounts expended from Federal programs during the fiscal year as determined based on the modified accrual basis of accounting. The amounts reported have been reconciled to and are in material agreement with amounts recorded in the District's accounting records from which the basic financial statements have been reported. The District did not elect to use the 10 percent de minimis cost rate as covered by 2 CFR 200.414.
- (2) After School Lunch Program. Represents \$28,188,381 for the After School Lunch Program, \$268,725 for Food Donations (USDA Commodities), and \$27,197 for cash in lieu of commodities. Donated foods are valued at fair market value at the time of donation.
- (3) Head Start. For CFDA 93.600, expenditures include \$166,650 for grant number/program year 04CH4747/01, \$6,966,755 for grant number/program year 04CH4749/02, and \$847,087 for grant number/program year 04HP0015/01.



MOORE STEPHENS
LOVELACE, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

School Board and Superintendent
School District of Lee County, Florida
Fort Myers, Florida

Report on Financial Statements

We have audited the financial statements of the School District of Lee County, Florida (the "District") as of and for the year ended June 30, 2016, and have issued our report thereon dated December 2, 2016.

Auditor's Responsibility

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; the audit requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"); and Chapter 10.800, *Rules of the Auditor General*.

Other Reporting Requirements

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 for Each Major Federal Program and on Internal Control over Compliance and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance, Schedule of Findings and Questioned Costs, and our Independent Accountant's Report in accordance with the provisions of Chapter 10.800, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated December 2, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

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 report. In connection with our audit, there were no findings or recommendations.

Financial Condition

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 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.

Financial Condition (Cont.)

Pursuant to Sections 10.804(1)(f)5a. and 10.805(7), *Rules of the Auditor General*, we applied financial condition assessment procedures for the District. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based, in part, on representations made by management and the review of financial information provided by the same.

Transparency

Section 10.804(1)(f)6., *Rules of the Auditor General*, requires the that we report the results of our determination as to whether the District maintains on its web site the information specified in Section 1011.035, Florida Statutes. In connection with our audit, we determined that the District maintained on its web site the information specified in Section 1011.035, Florida Statutes.

Other Matters

Section 10.804(1)(f)3., *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 recommendations.

Section 10.804(1)(f)4., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In conjunction with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the School District Board members, and applicable management and is not intended to be, and should not be, used by anyone other than these specified parties.



MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
December 2, 2016



MOORE STEPHENS
LOVELACE, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S REPORT

School Board and Superintendent
School District of Lee County, Florida
Fort Myers, Florida

We have examined the School District of Lee County, Florida's (the "District") compliance with the requirements of Section 218.415, Florida Statutes, during the fiscal year ended June 30, 2016. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

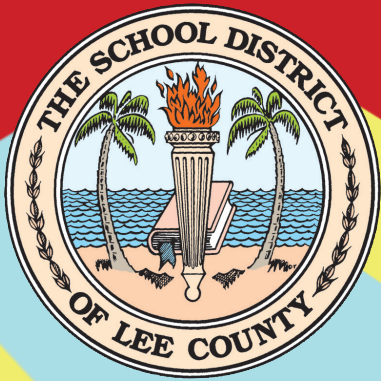
In our opinion, the District complied, in all material respects, with the aforementioned requirements for the fiscal year ended June 30, 2016.

Moore Stephens Lovelace, P.A.

MOORE STEPHENS LOVELACE, P.A.

Certified Public Accountants

Orlando, Florida
December 2, 2016



The School District of Lee County

Steven K. Teuber, District 4, Chairman
Mary Fischer, District 1, Vice Chairman
Jeanne S. Dozier, District 2
Cathleen O'Daniel Morgan, District 3
Pamela H. LaRiviere, District 5

Dr. Gregory K. Adkins
Superintendent

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