

LEE COUNTY INDUSTRIAL
DEVELOPMENT AUTHORITY

September 30, 2016

BASIC FINANCIAL STATEMENTS,
TOGETHER WITH REPORTS OF INDEPENDENT AUDITORS

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Independent Auditor's Report

Board of Directors
Lee County Industrial Development Authority
Fort Myers, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of Lee County Industrial Development Authority, (the "Authority") as of and for the fiscal year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority'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 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 from 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used

Auditor's Responsibility, continued

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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the Authority as of September 30, 2016, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters - Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-6 and 13 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 assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 3, 2017, on our consideration of the Authority'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 Authority's internal control over financial reporting and compliance.



Punta Gorda, Florida
August 3, 2017

Lee County Industrial Development Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

As management for Lee County Industrial Development Authority, this narrative overview and analysis of the Authority's financial activities is provided for the fiscal year ending September 30, 2016. We recommend readers consider this information in conjunction with the financial statements as a whole.

Financial Highlights

Revenues were \$197,428 greater than expenditures for the fiscal year ended September 30, 2016.

- The assets of the Authority exceeded its liabilities at the end of the fiscal year September 30, 2016 by \$1,665,259, which is comprised exclusively of current assets.
- The Authority's net position increased by \$197,428 during fiscal year 2016.
- The Authority's total revenue (on an accrual basis) was \$411,579 for the year ended September 30, 2016.
- The expenses for the Authority's activities were \$214,224.

Required Financial Statements

Fund and government-wide financial statements are combined on pages 7 and 8.

The government-wide financial statements are intended to allow a reader to assess a government's operational accountability. Operational accountability is defined as the extent to which the government has met its operating objectives efficiently and effectively, using all resources available for that purpose, and whether it can continue to meet its objectives for the foreseeable future.

The Statement of Net Position presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Statement of Activities presents revenue and expense information showing how the Authority's net position changed during the fiscal year. Both statements are measured and reported using the economic resource measurement focus (revenues and expenses) and the accrual basis of accounting (revenue recognized when earned and expense recognized when a liability is incurred).

Fund financial statements tell how services were paid for as well as what remains for future spending. Fund financial statements report the operations in more detail than the government-wide statements by providing information about the Authority's funds.

Lee County Industrial Development Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

Notes to the Financial Statements

The notes to the financial statements explain in detail some of the data contained in the preceding statements and begin on page 9. These notes are essential to a full understanding of the data provided in the government-wide and fund financial statements. Required Supplementary Information consists of more detailed data on the budget to actual revenues and expenditures.

Authority Highlights

Seven part time staff and meeting space are provided to the Authority by Lee County to assist the Authority's obligations and to promote the economic development, marketing, administering of state and county incentive programs, and developing industrial revenue bonding.

Using this Annual Report

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's annual report consists of two parts: management discussion and analysis (this section) and the basic financial statements. The basic financial statements themselves consist of three components: government wide financial data, fund financial data, and notes to the financial statements. The Authority is a special purpose government engaged in a single governmental program. The Authority is allowed to present their fund financial data and their government wide financial data combined using a columnar format that reconciles individual line items of fund financial data to government wide data in separate columns on the face of the financial statements.

These statements present different financial views of the Authority:

- The government wide financial data provided both short term and long term information about the Authority's overall financial status.
- The fund financial statements present only a short term or liquidity financial view point about the Authority's financial status.

Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Authority's operations and programs. The differences, if any, between government wide activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are reconciled in a footnote to the financial statements.

Government-Wide Financial Analysis

Net position may serve, over time, as a useful indicator of a government's financial position. In the case of the Authority, net position exceeded liabilities by \$1,665,259 at the close of this fiscal year. The Authority's net position reflects its investment in cash and cash equivalents.

Lee County Industrial Development Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

Government-Wide Financial Analysis (continued)

The Authority uses this capital to provide services funding to liquidate liabilities or for other spending. For the year ended September 30, 2016, the Authority's net position increased by \$197,428. There is no depreciation expense noted in these financial statements as Lee County, Florida provides the offices and equipment that the Authority needs to operate.

The Authority utilizes its assets to provide services that are used to meet the Authority's ongoing operations and programs.

For the year ended September 30, 2016, the net position of the Authority increased as detailed in the financial statements.

| | <u>2016</u> | <u>2015</u> |
|--------------------------|---------------------|---------------------|
| Assets | | |
| Current and Other Assets | \$ 1,665,259 | \$ 2,981,910 |
| Total Assets | <u>1,665,259</u> | <u>2,981,910</u> |
| Accounts and Commitments | | |
| Payable | - | 1,514,079 |
| Total Liabilities | <u>-</u> | <u>1,514,079</u> |
| Net position | | |
| Unrestricted | 1,665,259 | 1,467,831 |
| Net Position | <u>\$ 1,665,259</u> | <u>\$ 1,467,831</u> |

The following table highlights the changes in net position for the year ended September 30:

| | <u>2016</u> | <u>2015</u> |
|-----------------------------------|---------------------|---------------------|
| Revenues | | |
| Lapsed Projects | \$ - | \$ 22,500 |
| Bond Closing and Application Fees | 407,052 | 104,850 |
| Interest Income | 4,600 | 1,977 |
| Total Revenues | <u>411,652</u> | <u>129,327</u> |
| Total Expenses | <u>214,224</u> | <u>92,037</u> |
| Change in Net Position | 197,428 | 37,290 |
| Net Position - October 1, 2015 | 1,467,831 | 1,430,541 |
| Net Position - September 30, 2016 | <u>\$ 1,665,259</u> | <u>\$ 1,467,831</u> |

Lee County Industrial Development Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

Budgetary Highlights

The Authority expended \$953,698 less than budgeted primarily due to the difference between the budgeted and actual expenses associated with the Hertz Employee Education Grant and Economic Development Programs.

Capital Assets

Lee County, Florida provides the Authority its offices and equipment. Therefore, there are no capital assets shown in these financial statements.

Debt Administration

The Authority found that it did not have to borrow any money to finance operations or capital spending during the year.

Economic Factors

Management is aware of conditions that impact revenues and expenditures. The rise in property values in Lee County has not had an effect on the Authority as they do not receive ad-valorem revenues. Instead, the Authority is funded by bond fees, grants and contributions from private organizations. These funding sources recognize the positive, long-term impact the Authority has on the community and it is anticipated that they will continue to support the Authority in an effort to provide a stable tax base and encourage new businesses to relocate to the County.

Request for information

This financial report is designed to provide readers with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives and expends. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Board of Directors, Lee County Industrial Development Authority, Fort Myers, Florida.

Lee County Industrial Development Authority
Balance Sheet - Governmental Funds and Statement of Net Position
September 30, 2016

| | General Fund | Special | Total Governmental Funds | Adjustments | Statement of Net Position |
|---------------------------------------|---------------------|----------------------------|--------------------------------|-------------|------------------------------|
| | | Revenue Funds Incentive | | | |
| Assets | | | | | |
| Cash | \$ 924,557 | \$ - | \$ 924,557 | \$ - | \$ 924,557 |
| Certificates of Deposit | 740,702 | - | 740,702 | - | 740,702 |
| Total Assets | <u>\$ 1,665,259</u> | <u>\$ -</u> | <u>\$ 1,665,259</u> | <u>-</u> | <u>1,665,259</u> |
| Liabilities and Fund Balances | | | | | |
| Liabilities | | | | | |
| Incentives Payable | \$ - | \$ - | \$ - | - | - |
| Total Liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balances | | | | | |
| Unassigned | 1,665,259 | - | 1,665,259 | - | |
| Total Fund Balance | <u>1,665,259</u> | <u>-</u> | <u>1,665,259</u> | <u>-</u> | |
| Total Liabilities and Fund Balance | <u>\$ 1,665,259</u> | <u>\$ -</u> | <u>\$ 1,665,259</u> | <u>\$ -</u> | |
| Net Position | | | | | |
| Unrestricted Net Position | | | | | 1,665,259 |
| Total Net Position | | | | | <u>\$ 1,665,259</u> |

The accompanying notes are an integral and essential part of these financial statements.

Lee County Industrial Development Authority
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Governmental Funds
and Statement of Activities
For the Fiscal Year Ended September 30, 2016

| | General Fund | Special | Total Governmental Funds | Adjustments | Statement of Net Activities |
|---|----------------|---------------------------|--------------------------------|-------------|--------------------------------|
| | | Revenue Fund Incentive | | | |
| Revenues | | | | | |
| Bond Closing Fees | \$ 407,052 | \$ - | \$ 407,052 | \$ - | \$ 407,052 |
| Interest Income | 4,527 | 73 | 4,600 | - | 4,600 |
| Total Revenues | 411,579 | 73 | 411,652 | - | 411,652 |
| Expenditures / Expenses-Economic Development | | | | | |
| Business Recruitment | 4,651 | - | 4,651 | - | 4,651 |
| Horizon Contribution | 170,000 | - | 170,000 | - | 170,000 |
| Audit Fees | 5,175 | - | 5,175 | - | 5,175 |
| Remittance to BOCC | - | 22,897 | 22,897 | - | 22,897 |
| Business Entertainment | 295 | - | 295 | - | 295 |
| Legal Fees | 10,935 | - | 10,935 | - | 10,935 |
| Meeting Costs | 271 | - | 271 | - | 271 |
| Total Expenditures / Expenses | 191,327 | 22,897 | 214,224 | - | 214,224 |
| Excess of Revenue over (under) | | | | | |
| Expenditures/Expenses | 220,252 | (22,824) | 197,428 | - | 197,428 |
| Fund Balance / | | | | | |
| Net Position - October 1, 2015 | 1,445,007 | 22,824 | 1,467,831 | - | 1,467,831 |
| Fund Balance / | | | | | |
| Net Position - September 30, 2016 | \$ 1,665,259 | \$ - | \$ 1,665,259 | \$ - | \$ 1,665,259 |

The accompanying notes are an integral and essential part of these financial statements.

Lee County Industrial Development Authority

Notes to Financial Statements

September 30, 2016

NOTE 1 - ORGANIZATION

The Lee County Industrial Development Authority (the "Authority") is a dependent special district located in Fort Myers, Florida. The Authority was established by State Statute on September 3, 1975 for the purpose of fostering industrial and business development of Lee County Florida. The Authority operates out of a County provided facility located at 2201 Second Street #500, and the County provides employees to manage the day to day affairs of the Authority.

Florida Statute 159, grants the Authority the ability to issue industrial development revenue bonds, which allow private industry access to long-term capital funds for capital expansion projects at favorable interest rates. Although the bonds are technically special obligation bonds of the Authority, they are payable solely from the revenue generated by the project for which they are issued, and neither the Authority, the County, nor the State of Florida are responsible for their repayment.

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Net Position/Fund Balance Classification

Governmental funds report fund balances as either nonspendable or spendable. Spendable fund balances are further classified as restricted, committed, assigned or unassigned, based on the extent to which there are external or internal constraints on the spending of these fund balances.

Nonspendable fund balances include amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact.

Spendable Fund Balances: Amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. "Not in spendable form" includes items that are not expected to be converted to cash (such as inventories and prepaid amounts) and items such as long-term amount of loans and notes receivable, as well as property acquired for resale. The corpus (or principal) of a permanent fund is an example of an amount that is legally or contractually required to be maintained intact.

Restricted Fund Balance: Amounts that are restricted to specific purposes, and are restricted through enabling legislation and are legally enforceable. The legislation that creates revenue stream must also stipulate the purposes for which that revenue can be used.

Committed Fund Balance: Amounts that are committed for specific purposes by formal action of the governments highest level of decision making authority. These amounts are not subject to legal enforceability as in restricted, however those amounts cannot be used for any other purpose unless the government removes or changes the limitation by taking the same form of action it employed to previously impose the limitation.

Lee County Industrial Development Authority

Notes to Financial Statements

September 30, 2016

NOTE 1 - ORGANIZATION (CONTINUED)

Net Position/Fund Balance Classification (Continued)

Assigned Fund Balance: Amounts that are intended by the government to be used for specific purposes but are neither restricted nor limited. Intent should be expressed by either (a) the governing body itself, or (b) a subordinate high-level body or official possessing the authority to assign amounts to be used for specific purposes.

Unassigned Fund Balance: Is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has been restricted, limited, or assigned to specific purposes within the general fund.

Government-wide statements utilize an economic resources measurement focus and categorize net position among the following components:

Invested in Capital Assets, Net of Related Debt:

The portion of net position which represents the Authority's equity and capital assets, less the amount of related debt.

Restricted Net Position:

The portion of net position which is segregated due to external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position:

The portion of net position which is available for general operations.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the Authority's more significant accounting principles and policies:

Reporting Entity

The Authority is a dependent special district of Lee County, Florida as defined by Florida Statutes. The governing body of Lee County, Florida appoints the Authority's governing board. The Authority has developed criteria to determine whether outside agencies should be included within its financial reporting entity. The criteria include, but are limited to, whether the Authority (1) selects the governing authority of management, (2) has the ability to significantly influence operations, (3) has accountability for fiscal matters (e.g. final budget approval, responsibility for funding deficits, management of assets, etc.). Using these criteria, the Authority has not included in its financial statements the activities of any other entity.

Lee County Industrial Development Authority

Notes to Financial Statements

September 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

The government-wide and fund financial statements are combined.

The Governmental Funds Balance Sheet and Statement of Net Position and Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and Statement of Activities combines information about the reporting government as a whole and funds statements to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Authority functions or activities.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Following is a description of the funds utilized by the Authority:

General Fund - The General Fund is the operating fund of the Authority. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund - The Special Revenue Fund is used to account for proceeds of a special revenue source that are restricted to expenditures for special purposes. The Authority currently has one special revenue fund, the Job Opportunity/Incentive Fund. The government-wide statements (Statement of Net Position and the Statement of Activities) are prepared using the economic resources measurement focus and the accrual basis of accounting. Fund financial statements (the Governmental Funds Balance Sheet and Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances) are prepared using the current financial measurement focus and are accounted for using the modified accrual basis of accounting. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

On December 15, 2015, the Lee County Industrial Development Agency entered into an interlocal agreement to relinquish fiscal oversight and management responsibilities of the incentive fund to the Lee County Board of County Commissioners. The Agency transferred the remaining cash balance of \$142,506 to the Lee County Board of County Commissioners on January 22, 2016.

Budgets

The Authority adopts its budgets on a basis consistent with accounting principles generally accepted in the United States of America. An annual appropriated budget is established for the general fund. A budget is not adopted for the incentive fund. All annual appropriations lapse at year-end. Estimated beginning cash balances are considered in the budgetary process and are not included in the financial statements as budgeted revenue.

The annual budget serves as the legal authorization for expenditures. Expenditures of the general fund cannot legally exceed the total expenditure amount budgeted for each fund. The Board, at public meetings, approves all budget amendments, which change the legally adopted total appropriation for the general fund and marketing fund.

Lee County Industrial Development Authority

Notes to Financial Statements

September 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Investments

Cash and investments consist of interest bearing checking and money market accounts and certificates of deposit carried at market value. All Authority deposits are held in qualified public depositories pursuant to Florida Statutes, Chapter 280. In addition to insurance provided by the Federal Deposit Insurance Corporation (FDIC), demand deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds.

Any losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral, and if necessary, assessments against other qualified public depositories of the same type as the depository in default. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof.

Revenues

The Authority receives a fee equal the one-half of one percent of the face amount of each industrial bond issued, or as agreed upon by the Board. The revenue recognition period established by the Board is 90 days from year-end.

Management Estimates

The preparation of financial statement in conformity with accounting principles generally accepted in the United States of America requires the Authority to make estimates and assumptions that affect the reported net position, assets, liabilities, fund equity and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the year ended. Actual results could differ from those estimates.

Income Taxes

The Authority is exempt from all state and federal income taxes.

New Accounting Standards

Beginning with fiscal year 2013, the Authority implemented GASB Statement No. 63; Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. This statement requires a Statement of Net Position (rather than net assets) format which segregates deferred inflows and deferred outflows from assets and liabilities respectively. Specific items required to be broken out as deferred inflows or deferred outflows are discussed in GASB Statements 53 and 60. These items are Derivative Investments and Service Concession Arrangements respectively. None of these items affect the Authority at this time.

The other position of GASB Statement 63 is nomenclature. Statement No. 64; Derivative Instruments: Application of Hedge Accounting Termination Provisions is not applicable to the Authority.

Lee County Industrial Development Authority

Notes to Financial Statements

September 30, 2016

NOTE 3 - CASH & INVESTMENTS

During the fiscal year, the Authority maintained deposits in interest-bearing money market and checking accounts. At September 30, 2016, the bank balance of all accounts was \$925,712 and the book balance of deposits was \$924,557.

The Authority held three certificates of deposit, with market values totaling \$740,702 with varying maturity dates.

NOTE 4 - SUBSEQUENT EVENTS

The Authority evaluated events and transactions after September 30, 2016 through August 3, 2017, the date the financial statements were available to be issued, for subsequent events and determined that there were no events to report during that period.

**REQUIRED SUPPLEMENTAL
INFORMATION**

Lee County Industrial Development Authority
Statement of Revenues, Expenses and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2016

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance</u> |
|--|-------------------------|-------------------|---------------------|---------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Bond Closing Fees | \$ - | \$ - | \$ 407,052 | \$ 407,052 |
| Interest Income | - | - | 4,527 | 4,527 |
| Total Revenues | <u>-</u> | <u>-</u> | <u>411,579</u> | <u>411,579</u> |
| Expenditures | | | | |
| Legal | 20,000 | 20,000 | 10,935 | 9,065 |
| Audit | 6,500 | 6,500 | 5,175 | 1,325 |
| FGCU Economic Impact Models | 5,000 | 5,000 | - | 5,000 |
| Business Entertainment | 5,000 | 5,000 | 295 | 4,705 |
| Meeting Costs | 2,500 | 2,500 | 270 | 2,230 |
| Printing | 250 | 250 | - | 250 |
| Bank Service Charges | 100 | 100 | 1 | 99 |
| Miscellaneous | 2,000 | 2,000 | - | 2,000 |
| Horizon Foundation Marketing - EDO | 150,000 | 150,000 | 150,000 | - |
| Horizon Foundation Sponsorship | 20,000 | 20,000 | 20,000 | - |
| Gold Key Program | 5,000 | 5,000 | 500 | 4,500 |
| Hertz Employee Education Grant | 178,675 | 178,675 | 4,151 | 174,524 |
| Economic Development Programs | 750,000 | 750,000 | - | 750,000 |
| Total Expenditures | <u>1,145,025</u> | <u>1,145,025</u> | <u>191,327</u> | <u>953,698</u> |
| Excess of Revenues (Under) Over Expenditures | (1,145,025) | (1,145,025) | 220,252 | 1,365,277 |
| Net change in Fund Balance | (1,145,025) | (1,145,025) | 220,252 | 1,365,277 |
| Fund Balance - October 1, 2015 | <u>1,445,007</u> | <u>1,445,007</u> | <u>1,445,007</u> | <u>-</u> |
| Fund Balance - September 30, 2016 | <u>\$ 299,982</u> | <u>\$ 299,982</u> | <u>\$ 1,665,259</u> | <u>\$ 1,365,277</u> |

**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***

Board of Directors
Lee County Industrial Development Authority
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 of the Lee County Industrial Development Authority, (the "Authority") as of and for the fiscal year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated August 3, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 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 Authority's financial statements are free from 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 Standard.

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.

A handwritten signature in blue ink that reads "Ashley, Brown & Co." The signature is written in a cursive, flowing style.

Punta Gorda, Florida
August 3, 2017

Management Letter

Board of Directors
Lee County Industrial Development Authority
Fort Myers, Florida

Report on the Financial Statements

We have audited the financial statements of the Lee County Industrial Development Authority, (the "Authority") as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated August 3, 2017.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in that report, which are dated August 3, 2017, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Authority discloses this information in the notes to the financial statements.

Financial Condition

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires that we apply appropriate procedures and report the results of our determination as to whether or not the Authority has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Authority did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Authority'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 same.

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, requires that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the Authority for the fiscal year ended September 30, 2016, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2016. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units

Section 10554(1)(i)5.d., Rules of the Auditor General, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Other Matters

Section 10.554(1)(i)2., 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.

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 Board of Directors and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "Ashley, Brown & Co." The signature is written in a cursive, flowing style.

Punta Gorda, Florida
August 3, 2017

Independent Accountant's Examination Report

Board of Directors
Lee County Industrial Development Authority
Fort Myers, Florida

We have examined the Lee County Industrial Development Authority's (the "Authority") compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies* for the year ended September 30, 2016. Management is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on the Authority'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 Authority's compliance with those requirements and performing such other procedures as we consider 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 Authority's compliance with specified requirements.

In our opinion, the Lee County Industrial Development Authority complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.



Punta Gorda, Florida
August 3, 2017



August 3, 2017

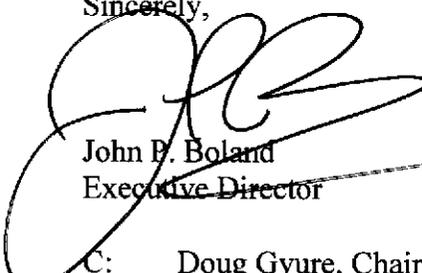
Ms. Sherrill F. Norman
Auditor General
Local Government Section/452
111 West Madison Street
Tallahassee, FL 32399-1450

RE: Management Letter of Lee County Industrial Development Authority (IDA), FY 2015-2016

Dear Ms. Norman:

Please allow this letter to serve as response to Section 10.558(1) of the rules of the auditor general that require us to address deficiencies in the management letter. There were no findings or recommendations in the report and therefore the Authority is in agreement.

Sincerely,



John P. Boland
Executive Director

C: Doug Gyure, Chair and members of the IDA Board