

# MIAMI DADE COLLEGE

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## Financial Audit

For the Fiscal Year Ended  
June 30, 2009



## BOARD OF TRUSTEES AND PRESIDENT

Members of the Board of Trustees and President who served during the 2008-09 fiscal year are listed below:

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The Auditor General conducts audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

The audit team leader was Delilah Almeda, CPA, and the audit was supervised by Ramon A. Gonzalez, CPA. Please address inquiries regarding this report to James R. Stultz, CPA, Audit Manager, by e-mail at [jimstultz@aud.state.fl.us](mailto:jimstultz@aud.state.fl.us) or by telephone at (850) 922-2263.

This report and other reports prepared by the Auditor General can be obtained on our Web site at [www.myflorida.com/audgen](http://www.myflorida.com/audgen); by telephone at (850) 487-9024; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

MIAMI DADE COLLEGE  
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## EXECUTIVE SUMMARY

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### Summary of Report on Financial Statements

Our audit disclosed that the College's basic financial statements were presented fairly, in all material respects, in accordance with prescribed financial reporting standards.

### Summary of Report on Internal Control and Compliance

Our audit did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* issued by the Comptroller General of the United States.

### Audit Objectives and Scope

Our audit objectives were to determine whether Miami Dade College and its officers with administrative and stewardship responsibilities for College operations had:

- Presented the College's basic financial statements in accordance with generally accepted accounting principles;
- Established and implemented internal control over financial reporting and compliance with requirements that could have a direct and material effect on the financial statements; and
- Complied with the various provisions of laws, rules, regulations, contracts, and grant agreements that are material to the financial statements.

The scope of this audit included an examination of the College's basic financial statements as of and for the fiscal year ended June 30, 2009. We obtained an understanding of the College's environment, including its internal control and assessed the risk of material misstatement necessary to plan the audit of the basic financial statements. We also examined various transactions to determine whether they were executed, both in manner and substance, in accordance with governing provisions of laws, rules, regulations, contracts, and grant agreements.

An examination of Federal awards administered by the College is included within the scope of our Statewide audit of Federal awards administered by the State of Florida.

### Audit Methodology

The methodology used to develop the findings in this report included the examination of pertinent College records in connection with the application of procedures required by auditing standards generally accepted in the United States of America and applicable standards contained in *Government Auditing Standards* issued by the Comptroller General of the United States.



DAVID W. MARTIN, CPA  
AUDITOR GENERAL

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

## INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Miami Dade College, a component unit of the State of Florida, and its discretely presented component unit as of and for the fiscal year ended June 30, 2009, which collectively comprise the College's basic financial statements as shown on pages 14 through 39. These financial statements are the responsibility of the College's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit, as described in note 1 to the financial statements, which represent 100 percent of the transactions and account balances of the discretely presented component unit columns. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for the discretely presented component unit, is based on the report of the other auditors.

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

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of Miami Dade College and of its discretely presented component unit as of June 30, 2009, and the respective changes in financial position and cash flows thereof for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report on our consideration of Miami Dade College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The **MANAGEMENT'S DISCUSSION AND ANALYSIS** on pages 3 through 13, and **OTHER REQUIRED SUPPLEMENTARY INFORMATION** on page 40, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully submitted,



David W. Martin, CPA  
March 12, 2010

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

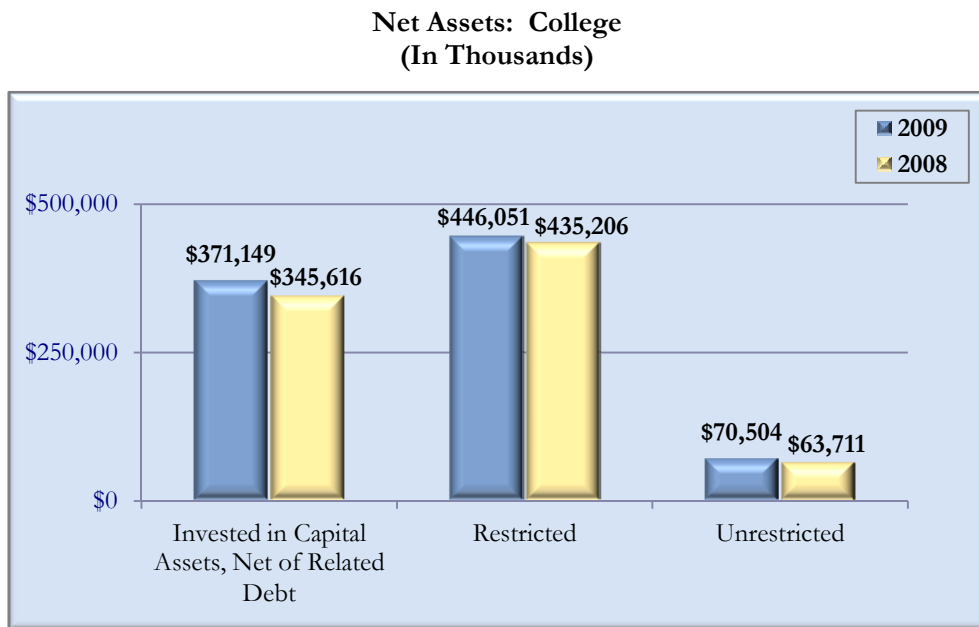
The management’s discussion and analysis (MD&A) provides an overview of the financial position and activities of the College for the fiscal year ended June 30, 2009, and should be read in conjunction with the financial statements and notes thereto. This overview is required by Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements—and Management’s Discussion and Analysis—for Public Colleges and Universities*, as amended by GASB Statements Nos. 37 and 38. The MD&A, and financial statements and notes thereto, are the responsibility of College management.

The MD&A contains financial activities of the College for the fiscal years ended June 30, 2009, and June 30, 2008, and its component unit, the Miami Dade College Foundation, Inc., for the fiscal years ended March 31, 2009, and March 31, 2008.

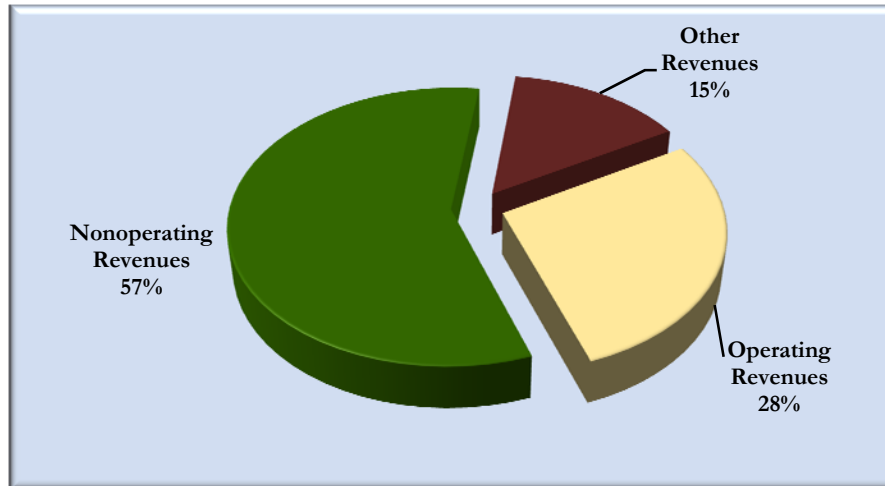
**FINANCIAL HIGHLIGHTS**

The financial position of the College improved during the fiscal year ended June 30, 2009, as reflected by a \$43.2 million, or 5.1 percent, increase in net assets from the 2007-08 fiscal year.

The College’s comparative total net assets by category for the fiscal years ended June 30, 2009, and June 30, 2008, are shown in the following graph:



The following chart provides a graphical presentation of College revenues by category for the 2008-09 fiscal year:

**Total Revenues: College**

For the fiscal year ended June 30, 2009, College revenue and other support exceeded expenses, creating an increase in net assets of \$43.2 million (compared to a \$74.9 million increase in the 2007-08 fiscal year). Nonoperating revenues represent 57 percent of total revenues and are comprised of State appropriations, and gifts and grants with a purpose of supporting operating expenses.

### **OVERVIEW OF FINANCIAL STATEMENTS**

Pursuant to GASB Statement No. 35, the College's financial report consists of three basic financial statements: the statement of net assets; the statement of revenues, expenses, and changes in net assets; and the statement of cash flows. These financial statements, and notes thereto, provide information on the College as a whole, present a long-term view of the College's finances, and include activities for the following entities:

- Miami Dade College (Primary Institution) – Most of the programs and services generally associated with a college fall into this category, including instruction, public service, and support services.
- Miami Dade College Foundation, Inc. (Component Unit) – Although legally separate, this component unit is important because the College is financially accountable for it, as the College reports its financial activities to the State of Florida.

### **THE STATEMENT OF NET ASSETS AND THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**

One of the most important questions asked about the College's finances is, "Is Miami Dade College as a whole, better or worse off as a result of the year's activities?" The statement of net assets and the statement of revenues, expenses, and changes in net assets report information on the College as a whole and on its activities in a way that helps answer this question. When revenues and other support exceed expenses, the result is an increase in net assets. When the reverse occurs, the result is a decrease in net assets. The relationship between revenues and expenses may be thought of as Miami Dade College's operating results.

These two statements report Miami Dade College's net assets and changes in them. You can think of the College's net assets, the difference between assets and liabilities, as one way to measure the College's financial health, or financial position. Over time, increases or decreases in the College's net assets are one indication of whether its

financial health is improving or deteriorating. You will need to consider many other nonfinancial factors, such as certain trends, student retention, condition of the buildings, and the safety of the campus, to assess the College's overall financial health.

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. All of the current fiscal year's revenues and expenses are taken into account regardless of when cash is received or paid.

A condensed statement of assets, liabilities, and net assets of the College and its component unit for the respective periods ended is shown in the following table:

	<b>Assets, Liabilities, and Net Assets (In Thousands)</b>			
	College		Component Unit	
	6-30-09	6-30-08	03-31-09	03-31-08
<b>Assets</b>				
Current Assets	\$ 243,889	\$ 205,056	\$ 4,618	\$ 31,467
Capital Assets, Net	377,877	351,608		
Other Noncurrent Assets	366,013	364,139	87,780	83,497
<b>Total Assets</b>	<u>987,779</u>	<u>920,803</u>	<u>92,398</u>	<u>114,964</u>
<b>Liabilities</b>				
Current Liabilities	76,049	53,039	2,144	2,733
Noncurrent Liabilities	24,026	23,231		
<b>Total Liabilities</b>	<u>100,075</u>	<u>76,270</u>	<u>2,144</u>	<u>2,733</u>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	371,149	345,616		
Restricted	446,051	435,206	86,134	106,204
Unrestricted	70,504	63,711	4,120	6,027
<b>Total Net Assets</b>	<u>\$ 887,704</u>	<u>\$ 844,533</u>	<u>\$ 90,254</u>	<u>\$ 112,231</u>
<b>Increase (Decrease) in Net Assets</b>	<u>\$ 43,171</u>	5.1%	<u>\$ (21,977)</u>	-19.6%

Revenues and expenses of the College and its component unit for the respective periods ended are shown in the following table:

**Operating Results for the Respective Periods Ended  
(In Thousands)**

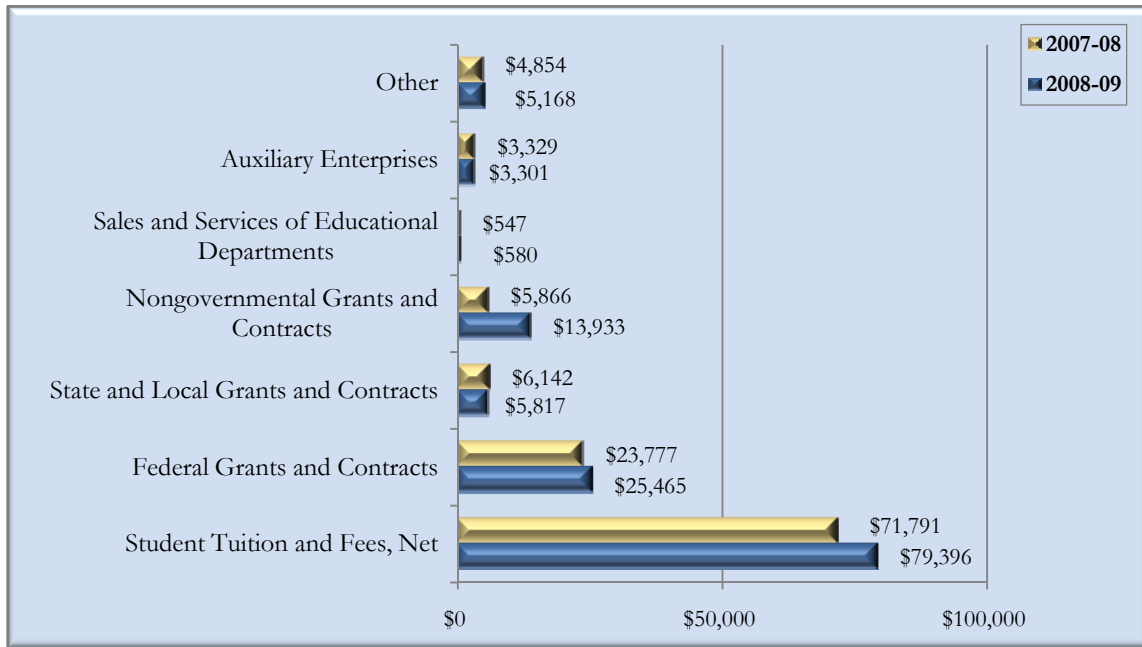
	College		Component Unit	
	6-30-09	6-30-08	3-31-09	3-31-08
<b>Operating Revenues</b>				
Student Tuition and Fees, Net of Scholarship Allowances	\$ 79,396	\$ 71,791	\$	\$
Federal Grants and Contracts	25,465	23,777		
State and Local Grants and Contracts	5,817	6,142	527	5,980
Nongovernmental Grants and Contracts	13,933	5,866		
Sales and Services of Educational Departments	580	547		
Auxiliary Enterprises	3,301	3,329		
Other Operating Revenues	5,168	4,854	17,846	11,449
<b>Total Operating Revenues</b>	<b>133,660</b>	<b>116,306</b>	<b>18,373</b>	<b>17,429</b>
Less, Operating Expenses	416,732	387,272	16,204	12,196
<b>Operating Income (Loss)</b>	<b>(283,072)</b>	<b>(270,966)</b>	<b>2,169</b>	<b>5,233</b>
<b>Nonoperating Revenues (Expenses)</b>				
State Appropriations	170,116	184,886		
Other Nonoperating Revenues	105,530	89,935		812
Nonoperating Expenses	(19,427)	(405)	(24,146)	
<b>Net Nonoperating Revenues (Expenses)</b>	<b>256,219</b>	<b>274,416</b>	<b>(24,146)</b>	<b>812</b>
<b>Income (Loss) Before Other Revenues, Expenses, Gains, or Losses</b>				
	(26,853)	3,450	(21,977)	6,045
Capital Appropriations	47,434	62,737		
Capital Grants, Contracts, Gifts, and Fees	21,782	7,569		
Additions to Endowments	808	1,139		
<b>Increase (Decrease) in Net Assets</b>	<b>43,171</b>	<b>74,895</b>	<b>(21,977)</b>	<b>6,045</b>
Net Assets, Beginning of Year	844,533	769,638	112,231	106,186
<b>Net Assets, End of Year</b>	<b>\$ 887,704</b>	<b>\$ 844,533</b>	<b>\$ 90,254</b>	<b>\$ 112,231</b>

### Operating Revenues

GASB Statement No. 35 categorizes revenues as either operating or nonoperating. Operating revenues generally result from exchange transactions where each of the parties to the transaction either gives or receives something of equal or similar value.

The following chart presents the College's operating revenues for the 2008-09 and 2007-08 fiscal years:

**Operating Revenues: College  
(In Thousands)**



Operating revenues of the College increased by \$17.4 million, or 14.9 percent, compared to the 2007-08 fiscal year as a result of the following factors:

- Student tuition and fee revenue, net of scholarship allowances, increased by \$7.6 million, or 10.6 percent. The increase resulted from an increase in the student fee rate approved by the District Board of Trustees as well as an increase in student enrollment.
- Operating revenues from Federal, State, and local governments increased by \$1.4 million, or 4.6 percent, primarily due to an increase in grants and contracts from Federal sources versus the 2007-08 fiscal year.
- Revenues from nongovernmental grants and contracts increased by \$8.1 million, or 137.5 percent, primarily due to increases in scholarships from the Foundation as well as increases in private grants and contracts.
- Revenues from sales and services of educational departments and auxiliary enterprises remained materially unchanged compared to the 2007-08 fiscal year, while other operating revenues increased by \$0.3 million, or 6.5 percent.

**Operating Expenses**

Expenses are categorized as operating or nonoperating. The majority of the College’s expenses are operating expenses as defined by GASB Statement No. 35. GASB gives financial reporting entities the choice of reporting operating expenses in the functional or natural classifications. The College has chosen to report the expenses in their natural classification on the statement of revenues, expenses, and changes in net assets and has displayed the functional classification in the notes to financial statements.

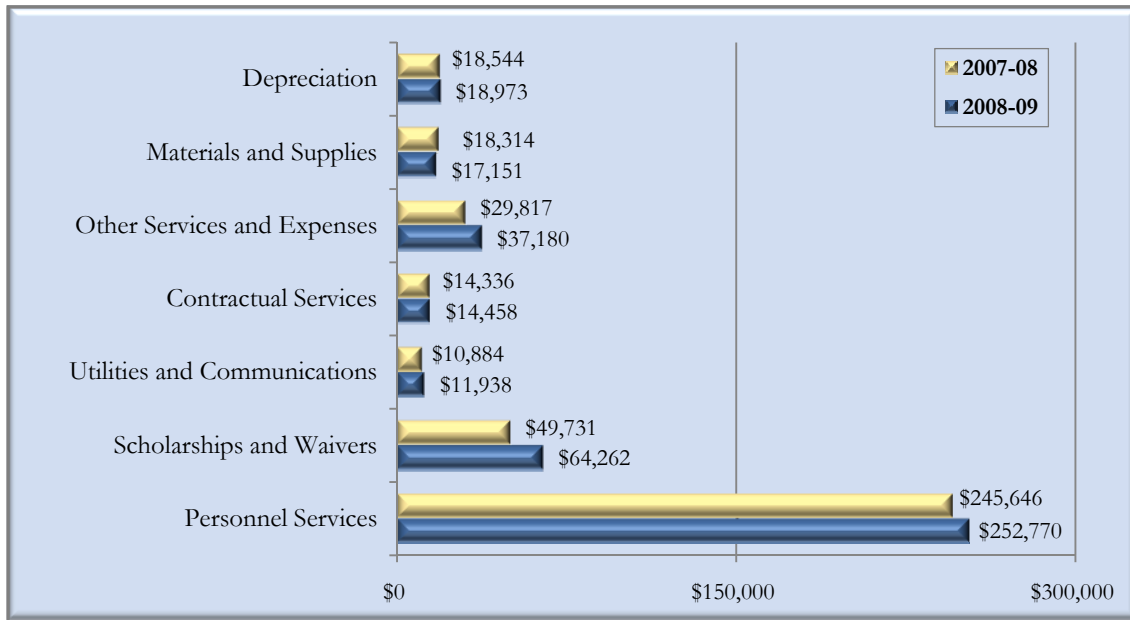
Operating expenses for the College and its component unit for the respective periods ended are presented in the following table:

**Operating Expenses for the Respective Periods Ended  
(In Thousands)**

	College		Component Unit	
	6-30-09	6-30-08	3-31-09	3-31-08
<b>Operating Expenses</b>				
Personnel Services	\$ 252,770	\$ 245,646	\$ 2,579	\$ 2,193
Scholarships and Waivers	64,262	49,731	9,588	6,760
Utilities and Communications	11,938	10,884		
Contractual Services	14,458	14,336		
Other Services and Expenses	37,180	29,817	4,037	3,242
Materials and Supplies	17,151	18,314		
Depreciation	18,973	18,544		1
<b>Total Operating Expenses</b>	<b>\$ 416,732</b>	<b>\$ 387,272</b>	<b>\$ 16,204</b>	<b>\$ 12,196</b>

The following chart presents the College’s operating expenses for the 2008-09 and 2007-08 fiscal years:

**Operating Expenses: College  
(In Thousands)**



Operating expenses of the College increased by \$29.5 million, or 7.6 percent, compared to the 2007-08 fiscal year as a result of the following factors:

- Personnel services expenditures increased by \$7.1 million, or 2.9 percent, due primarily to a 3 percent annual increase in base salary, coupled with an increase in costs associated with medical insurance and other benefits provided by the College.
- Scholarships and waivers increased by \$14.5 million, or 29.2 percent, primarily due to an increase in Federal Pell Grant awards reported by the College.
- Utilities and communications expenses increased by \$1.1 million, or 9.7 percent. This increase is mainly attributable to higher usage rates for these services, as expected.

- Contractual services and other services and expenses, in combination, increased by \$7.5 million, or 17 percent, primarily due to a rise in the use and unit cost of contracted and other services procured in the 2008-09 fiscal year, compared to cost in the 2007-08 fiscal year.
- Materials and supplies expenses decreased by \$1.1 million, or 6.4 percent. This decrease is mainly attributable to the College’s cost containment initiatives.
- Depreciation expense increased by \$0.4 million, or 2.3 percent.

**Nonoperating Revenues and Expenses**

Certain revenue sources that the College relies on to provide funding for operations, including State appropriations, certain gifts and grants, and investment income, are defined by GASB as nonoperating. Nonoperating expenses include capital financing costs and other costs related to capital assets. The following summarizes the College’s nonoperating revenues and expenses for the 2008-09 and 2007-08 fiscal years:

**Nonoperating Revenues (Expenses): College  
(In Thousands)**

	2008-09	2007-08
State Appropriations	\$ 170,116	\$ 184,886
Gifts and Grants	105,522	86,061
Other Nonoperating Revenues	8	526
Investment Income (1)	8,088	12,656
Net Realized and Unrealized Loss (1)	(27,150)	(9,308)
Interest on Capital Asset-Related Debt	(365)	(405)
<b>Net Nonoperating Revenues</b>	<b>\$ 256,219</b>	<b>\$ 274,416</b>

Note: (1) Investment income and the net realized and unrealized loss on investments, previously reported and disclosed as combined in the 2007-08 fiscal year, have been separated to facilitate the comparison for with the 2008-09 fiscal year.

Net nonoperating revenues decreased by \$18.2 million compared to the 2007-08 fiscal year. State appropriations and other nonoperating revenues decreased by \$14.8 million and \$0.5 million, respectively, gifts and grants increased by \$19.5 million (primarily as a result of an increase in Federal Pell Grant revenues), investment income decreased by \$4.6 million, and net realized and unrealized loss increased by \$17.8 million, primarily as a result of a decline in the fair market value of investments.

**Other Revenues, Expenses, Gains, or Losses**

This category is mainly composed of capital appropriations and capital grants, contracts, gifts, and fees. The following summarizes the College’s other revenues, expenses, gains, or losses for the 2008-09 and 2007-08 fiscal years:

**Other Revenues, Expenses, Gains, or Losses: College**  
(In Thousands)

	2008-09	2007-08
Capital Appropriations	\$ 47,434	\$ 62,737
Capital Grants, Contracts, Gifts, and Fees	21,782	7,569
Additions to Endowment	808	1,139
<b>Total</b>	<b>\$ 70,024</b>	<b>\$ 71,445</b>

Other revenues, expenses, gains, or losses decreased by \$1.4 million, or 2 percent, compared to the 2007-08 fiscal year, as a result of the following factors:

- Capital appropriations decreased by \$15.3 million, or 24.4 percent, as a result of a decrease in State funding in support of capital projects.
- Capital grants, contracts, gifts, and fees increased by \$14.2 million, or 187.8 percent, primarily as a result of a donation of a building and land valued at \$12.4 million to the College.
- Additions to endowments decreased by \$0.3 million, or 29.1 percent, as a result of market fluctuations that affected the recognition of interest income and dividends compared to the 2007-08 fiscal year.

**THE STATEMENT OF CASH FLOWS**

Another way to assess the financial health of an institution is to look at the statement of cash flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of an entity during a period.

The statement of cash flows also helps users assess:

- An entity's ability to generate future net cash flows.
- Its ability to meet its obligations as they come due.
- Its need for external financing.

A summary of the College's cash flows for the 2008-09 and 2007-08 fiscal years is presented in the following table:

**Condensed Statement of Cash Flows: College**  
(In Thousands)

	2008-09	2007-08	Change
Cash Provided (Used) by:			
Operating Activities	\$ (258,093)	\$ (254,567)	\$ (3,526)
Noncapital Financing Activities	276,435	272,086	4,349
Capital and Related Financing Activities	16,973	18,455	(1,482)
Investing Activities	(7,866)	4,062	(11,928)
<b>Net Increase in Cash and Cash Equivalents</b>	27,449	40,036	(12,587)
Cash and Cash Equivalents, Beginning of Year	207,314	167,278	40,036
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 234,763</b>	<b>\$ 207,314</b>	<b>\$ 27,449</b>

The College's liquidity increased during the reporting period. For the purpose of cash flows, cash and cash equivalents consist of cash on hand, cash in demand accounts, funds in an institutional cash management money market mutual fund, and cash invested with the State Board of Administration and the State Treasury.

During the 2008-09 fiscal year, cash and cash equivalents increased by \$27.4 million, when compared to the prior fiscal year. The increase in cash and cash equivalents and a discussion of categories of cash flows are as follows.

The net cash used for operating activities was \$258.1 million. Included in the calculation of this total are payments for employee salaries and benefits of \$202.5 million and \$45.4 million, respectively, payments for scholarships of \$64.3 million, and payments to suppliers of \$67.5 million. These are the four major outflows of operating activities. Primary inflows of operating activities consist of net tuition and fees and grants and contracts, totaling \$79.9 million and \$45.4 million, respectively. Cash used by operating activities increased by \$3.5 million. This increase in cash used was primarily the result of an increase in cash payments to suppliers of \$5 million, an increase in cash payments for scholarship of \$14.5 million, and an increase in cash payments to employees of \$3.7 million, which were offset by an increase in cash received of \$10.7 million for tuition and fees and an increase in cash received of \$9 million for gifts and grants.

The net cash provided by noncapital financing activities was \$276.4 million. This amount included State appropriations in the amount of \$170.1 million and gifts and grants received for other than capital purposes (which include Federal Pell Grant revenues) in the amount of \$105.5 million. Cash provided from noncapital financing activities increased by \$4.3 million dollars. This increase in cash provided was primarily the result of a \$19.4 million increase in Federal and State grants, which was offset by a decrease in State appropriations of \$14.8 million.

The net cash provided by capital and related financing activities was \$17 million. Included in the calculation of this total are purchases of capital assets in the amount of \$32.6 million and the receipt of capital appropriations totaling \$41.4 million. The purchases of capital assets primarily reflect construction and acquisition of facilities made during the 2008-09 fiscal year. The increase in cash receipts from capital appropriations resulted from additional capital related financing activities in connection with various capital construction and renovation projects. These are the primary outflows and inflows of capital and related financing activities, respectively. Cash provided by capital and related financing activities decreased by \$1.5 million. This decrease in cash provided was primarily due to an increase of \$1.8 million in capital grants and gifts and a decrease in cash used of \$4 million for the purchase of capital assets, which were offset by a decrease in cash received of \$6.7 million from capital appropriations and decrease of \$0.5 million in cash received from the sale of capital assets.

The net cash used by investing activities was \$7.9 million, which represented an \$11.9 million decrease from the prior fiscal year. This decrease was the result of a decline in cash received from investment earnings of \$9.7 million and an increase of \$2.2 million in cash used as a result of changes in investments.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **CAPITAL ASSETS**

At June 30, 2009, the College had \$685.5 million in capital assets, less accumulated depreciation of \$307.6 million, for net capital assets of \$377.9 million. Depreciation charges for the current fiscal year totaled \$19 million. The following table summarizes the College's capital assets at June 30:

**Capital Assets, Net at June 30: College  
(In Thousands)**

<u>Capital Assets</u>	<u>2009</u>	<u>2008</u>
Land	\$ 74,923	\$ 69,547
Construction in Progress	39,490	16,327
Buildings	484,535	472,390
Other Structures and Improvements	26,106	24,458
Furniture, Machinery, and Equipment	60,440	59,732
<b>Total</b>	<b>\$ 685,494</b>	<b>\$ 642,454</b>

More information about the College’s capital assets is presented in the notes to financial statements.

**DEBT ADMINISTRATION**

At fiscal year-end, the College had \$6.7 million in long-term debt outstanding versus \$7.9 million at the end of the prior fiscal year, a decrease of 14.9 percent. The following table summarizes outstanding long-term debt by type for the fiscal years ended June 30, 2009, and June 30, 2008:

**Long-Term Debt, at June 30: College  
(In Thousands)**

	<u>2009</u>	<u>2008</u>
Installment Purchases	\$ 969	\$ 1,332
SBE Capital Outlay Bonds	5,760	6,575
<b>Total</b>	<b>\$ 6,729</b>	<b>\$ 7,907</b>

The State Board of Education issues capital outlay bonds on behalf of the College. These bonds mature serially and are secured by the College’s portion of the State-assessed motor vehicle license tax. Additionally, the College acquired data processing equipment through an installment purchase agreement during the 2006-07 fiscal year. More detailed information about the College’s long-term liabilities is presented in the notes to financial statements.

**ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE**

Miami Dade College’s economic condition is closely tied to that of the State of Florida. While increases in student fees and interest income are expected to partially offset increased expenditure budgets for the 2009-10 fiscal year, expectations of lesser increases of State funding in future years are expected to challenge the College financially in this and future years.

On-going efforts to develop new revenue sources and contain costs have served the College well in its commitment to the growth of educational programs, improved student access, and overall excellence in service to its students and the community. The conservative budgetary stance taken by the College provides the framework for a focused response in support of our educational mission and provides financial stability in the face of limited economic growth and increased demand for State resources.

**REQUESTS FOR INFORMATION**

Questions concerning information provided in the MD&A, and financial statements and notes thereto, or requests for additional financial information should be addressed to the Vice Provost of Business Affairs and Chief Financial Officer, Miami Dade College, 11011 S.W. 104<sup>th</sup> Street, Miami, Florida 33176.

**BASIC FINANCIAL STATEMENTS**

**MIAMI DADE COLLEGE  
A COMPONENT UNIT OF THE STATE OF FLORIDA  
STATEMENT OF NET ASSETS  
June 30, 2009**

	<u>College</u>	<u>Component Unit</u>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 72,285,305	\$ 233,027
Restricted Cash and Cash Equivalents	16,751,662	83,648
Cash Collateral Securities Lending	18,302,779	
Accounts Receivable, Net	4,813,421	3,233,775
Notes Receivable, Net	2,619,392	
Due from Other Governmental Agencies	125,404,154	
Due from Component Unit/College	3,328,724	856,776
Inventories	37,294	
Prepaid Expenses	281,464	
Deposits-Other	64,850	
Other Assets		211,257
<b>Total Current Assets</b>	<u>243,889,045</u>	<u>4,618,483</u>
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	145,726,581	
Endowment Investments	79,657,993	87,779,974
Restricted Other Investments	89,099,234	
Other Investments	37,462,726	
Notes Receivable, Net	14,065,932	
Depreciable Capital Assets, Net	263,464,545	
Nondepreciable Capital Assets	114,412,701	
<b>Total Noncurrent Assets</b>	<u>743,889,712</u>	<u>87,779,974</u>
<b>TOTAL ASSETS</b>	<u>\$ 987,778,757</u>	<u>\$ 92,398,457</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	\$ 4,198,737	\$ 455,441
Salary and Payroll Taxes Payable	26,338,915	
Retainage Payable	2,046,228	
Due to Other Governmental Agencies	920,023	
Due to Component Unit/College	507,279	1,605,018
Deferred Revenue	2,674,973	
Deposits Held for Others		83,648
Liability for Cash Collateral Securities Lending	18,302,779	
Long-Term Liabilities - Current Portion:		
Bonds Payable	860,000	
Installment Purchases Payable	376,925	
Deposits Held for Others	4,864,916	
Compensated Absences Payable	14,957,765	
<b>Total Current Liabilities</b>	<u>76,048,540</u>	<u>2,144,107</u>
Noncurrent Liabilities:		
Bonds Payable	4,900,000	
Installment Purchases Payable	591,656	
Deposits Held for Others	5,000	
Compensated Absences Payable	12,808,645	
Other Postemployment Benefits Payable	5,721,200	
<b>Total Noncurrent Liabilities</b>	<u>24,026,501</u>	
<b>TOTAL LIABILITIES</b>	<u>100,075,041</u>	<u>2,144,107</u>

**MIAMI DADE COLLEGE**  
**A COMPONENT UNIT OF THE STATE OF FLORIDA**  
**STATEMENT OF NET ASSETS (Continued)**  
**June 30, 2009**

	<u>College</u>	<u>Component Unit</u>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	\$ 371,148,665	\$
Restricted:		
Nonexpendable:		
Endowment		46,250,332
Expendable:		
Endowment	70,115,435	
Grants and Loans	33,420,880	
Scholarships	4,159,668	39,883,695
Capital Projects	338,212,181	
Debt Service	142,523	
Unrestricted	<u>70,504,364</u>	<u>4,120,323</u>
<b>Total Net Assets</b>	<u>887,703,716</u>	<u>90,254,350</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 987,778,757</u>	<u>\$ 92,398,457</u>

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

**MIAMI DADE COLLEGE**  
**A COMPONENT UNIT OF THE STATE OF FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**For the Fiscal Year Ended June 30, 2009**

	College	Component Unit
<b>REVENUES</b>		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of \$57,816,152	\$ 79,395,811	\$
Federal Grants and Contracts	25,464,589	
State and Local Grants and Contracts	5,817,169	526,774
Nongovernmental Grants and Contracts	13,932,800	
Sales and Services of Educational Departments	579,943	
Auxiliary Enterprises	3,301,026	
Other Operating Revenues	5,168,175	17,846,334
	<b>133,659,513</b>	<b>18,373,108</b>
<b>EXPENSES</b>		
Operating Expenses:		
Personnel Services	252,770,312	2,579,423
Scholarships and Waivers	64,261,539	9,587,512
Utilities and Communications	11,938,024	
Contractual Services	14,457,984	
Other Services and Expenses	37,180,314	4,036,936
Materials and Supplies	17,150,498	
Depreciation	18,973,437	
	<b>416,732,108</b>	<b>16,203,871</b>
	<b>(283,072,595)</b>	<b>2,169,237</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State Appropriations	170,116,119	
Gifts and Grants	105,521,643	
Other Nonoperating Revenues	8,371	
Investment Income	8,087,604	1,557,479
Net Realized and Unrealized Loss	(27,149,528)	(25,703,012)
Interest on Capital Asset-Related Debt	(364,888)	
	<b>256,219,321</b>	<b>(24,145,533)</b>
<b>Loss Before Other Revenues, Expenses, Gains, or Losses</b>	<b>(26,853,274)</b>	<b>(21,976,296)</b>
Capital Appropriations	47,434,089	
Capital Grants, Contracts, Gifts, and Fees	21,782,058	
Additions to Endowments	808,204	
	<b>70,024,351</b>	
<b>Increase (Decrease) in Net Assets</b>	<b>43,171,077</b>	<b>(21,976,296)</b>
Net Assets, Beginning of Year	844,532,639	112,230,646
<b>Net Assets, End of Year</b>	<b>\$ 887,703,716</b>	<b>\$ 90,254,350</b>

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

**MIAMI DADE COLLEGE**  
**A COMPONENT UNIT OF THE STATE OF FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**For the Fiscal Year Ended June 30, 2009**

	<b>College</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Tuition and Fees, Net	\$ 79,944,746
Grants and Contracts	45,402,406
Payments to Suppliers	(67,503,868)
Payments for Utilities and Communications	(11,938,024)
Payments to Employees	(202,511,555)
Payments for Employee Benefits	(45,431,322)
Payments for Scholarships	(64,261,539)
Net Loans Issued to Students	(20,296,049)
Collection of Loans to Students	19,439,695
Auxiliary Enterprises	3,301,026
Sales and Service of Educational Departments	579,943
Other Receipts	5,181,846
	<b>(258,092,695)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
State Appropriations	170,116,119
Gifts and Grants Received for Other Than Capital or Endowment Purposes	105,510,543
Private Gifts for Endowment Purposes	808,204
	<b>276,434,866</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Capital Appropriations	41,441,956
Capital Grants and Gifts	9,368,858
Proceeds from Sale of Capital Assets	260,960
Purchases of Capital Assets	(32,555,223)
Principal Paid on Capital Debt	(1,178,499)
Interest Paid on Capital Debt	(364,888)
	<b>16,973,164</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment Income	4,739,151
Changes in Investments, Net	(12,605,055)
	<b>(7,865,904)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	
Cash and Cash Equivalents, Beginning of Year	27,449,431
	<b>207,314,117</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 234,763,548</b>

**MIAMI DADE COLLEGE  
A COMPONENT UNIT OF THE STATE OF FLORIDA  
STATEMENT OF CASH FLOWS (Continued)  
For the Fiscal Year Ended June 30, 2009**

	<b>College</b>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>	
Operating Loss	\$ (283,072,595)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	18,973,437
Changes in Assets and Liabilities:	
Receivables, Net	(368,850)
Inventories	(19,605)
Deposits - Other	(20,359)
Accounts Payable	3,352,362
Deferred Revenue	191,322
Deposits Held for Others	23,346
Compensated Absences Payable	47,330
Other Postemployment Benefits Payable	2,800,917
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<b>\$ (258,092,695)</b>

**SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND  
CAPITAL FINANCING ACTIVITIES**

The College received, as a donation, title to a building and land valued at \$12,413,200. The fair value of the building and land on the date of donation were recognized as revenues on the statement of revenues, expenses, and changes in net assets, but is not a cash transaction for the statement of cash flows.

Unrealized losses of \$23,801,073 from investing activities was recognized as a reduction to investment income on the statement of revenues, expenses, and changes in net assets, but are not cash transactions for the statement of cash flows.

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

**MIAMI DADE COLLEGE**  
**A COMPONENT UNIT OF THE STATE OF FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity.** The governing body of Miami Dade College, a component unit of the State of Florida, is the District Board of Trustees. The Board constitutes a corporation and is composed of seven members appointed by the Governor and confirmed by the Senate. The District Board of Trustees is under the general direction and control of the Florida Department of Education, Division of Florida Colleges, and is governed by law and State Board of Education rules. However, the District Board of Trustees is directly responsible for the day-to-day operations and control of the College within the framework of applicable State laws and State Board of Education rules. Geographic boundaries of the District correspond with those of Miami-Dade County.

Criteria for defining the reporting entity are identified and described in the Governmental Accounting Standards Board's *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. These criteria were used to evaluate potential component units for which the District Board of Trustees is financially accountable and other organizations for which the nature and significance of their relationship with the District Board of Trustees are such that exclusion would cause the College's financial statements to be misleading or incomplete. Based upon the application of these criteria, the College is a component unit of the State of Florida, and its financial balances and activity are reported in the State's Comprehensive Annual Financial Report by discrete presentation.

**Discretely Presented Component Unit.** Based on the application of the criteria for determining component units, the Miami Dade College Foundation, Inc. (Foundation), is included within the College's reporting entity as a discretely presented component unit.

The Foundation is audited by other auditors pursuant to Section 1004.70(6), Florida Statutes. The Foundation's audited financial statements are available to the public at the College. The financial data reported on the accompanying financial statements was derived from the Foundation's audited financial statements for the fiscal year ended March 31, 2009.

The Foundation is also a direct-support organization, as defined in Section 1004.70, Florida Statutes, and although legally separate from the College, is financially accountable to the College. The Foundation is managed independently, outside the College's budgeting process, and its powers generally are vested in a governing board pursuant to various State statutes. The Foundation receives, holds, invests, and administers property, and makes expenditures to or for the benefit of the College.

**MIAMI DADE COLLEGE**  
**A COMPONENT UNIT OF THE STATE OF FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2009**

**Basis of Presentation.** The College's accounting policies conform with accounting principles generally accepted in the United States of America applicable to public colleges and universities as prescribed by the Governmental Accounting Standards Board (GASB). The National Association of College and University Business Officers (NACUBO) also provides the College with recommendations prescribed in accordance with generally accepted accounting principles promulgated by GASB and the Financial Accounting Standards Board (FASB). GASB allows public colleges various reporting options. The College has elected to report as an entity engaged in only business-type activities. This election requires the adoption of the accrual basis of accounting and entitywide reporting including the following components:

- Management's Discussion and Analysis
- Basic Financial Statements:
  - Statement of Net Assets
  - Statement of Revenues, Expenses, and Changes in Net Assets
  - Statement of Cash Flows
  - Notes to Financial Statements
- Other Required Supplementary Information

**Basis of Accounting.** Basis of accounting refers to when revenues, expenses, and related assets and liabilities are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the measurement focus applied. The College's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange activities are generally recognized when all applicable eligibility requirements, including time requirements, are met.

The College's component unit uses the economic resources measurement focus and accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred, and follows FASB standards of accounting and financial reporting for not-for-profit organizations.

The College follows FASB statements and interpretations issued after November 30, 1989, unless those pronouncements conflict with GASB pronouncements.

Interdepartmental sales between auxiliary service departments and other institutional departments have been accounted for as reductions of expenses and not revenues of those departments.

**MIAMI DADE COLLEGE**  
**A COMPONENT UNIT OF THE STATE OF FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2009**

The College's principal operating activity is instruction. Operating revenues and expenses generally include all fiscal transactions directly related to instruction as well as administration, academic support, student services, physical plant operations, and depreciation of capital assets. Nonoperating revenues include State appropriations, Federal and State student financial aid, investment income, net unrealized gains or losses on investments, and revenues for capital construction projects. Interest on capital asset-related debt is considered a nonoperating expense.

The statement of net assets is presented in a classified format to distinguish between current and noncurrent assets and liabilities. When both restricted and unrestricted resources are available to fund certain programs, it is the College's policy to first apply the restricted resources to such programs followed by the use of the unrestricted resources.

The statement of revenues, expenses, and changes in net assets is presented by major sources and is reported net of tuition scholarship allowances. Tuition scholarship allowances are the differences between the stated charge for goods and services provided by the College and the amount that is actually paid by the student or the third party making payment on behalf of the student. The College identified, within its accounting system, amounts paid for tuition and fees by financial aid. The total amount of these third party payments is deducted from student tuition and fees.

The statement of cash flows is presented using the direct method in compliance with GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*.

**Cash and Cash Equivalents.** The amount reported as cash and cash equivalents consists of cash on hand, cash in demand accounts, funds in an institutional cash management money market mutual fund, and cash invested with the State Board of Administration Local Government Surplus Funds Trust Fund Investment Pool (LGIP), which effective July 1, 2009, is known as Florida PRIME, and State Treasury Special Purpose Investment Account (SPIA). For the purpose of reporting cash flows, the College considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Under this definition, the College considers amounts invested in the LGIP and SPIA to be cash equivalents. College cash deposits are held in banks qualified as public depositories under Florida law. All such deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool required by Chapter 280, Florida Statutes. Cash and cash equivalents that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other restricted assets are classified as restricted.

**MIAMI DADE COLLEGE**  
**A COMPONENT UNIT OF THE STATE OF FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2009**

Under an agreement with a local bank, the amounts for outstanding checks awaiting clearance are invested in an institutional cash management money market mutual fund. This money market mutual fund invests in corporate money market securities, commercial paper, repurchase agreements, variable-rate instruments, and bank instruments.

At June 30, 2009, the College reported as cash equivalents at fair value \$224,899,627 of moneys held in the SPIA investment pool representing ownership of a share of the pool, not the underlying securities. The SPIA carried a credit rating of A+f by Standard & Poor's and had an effective duration of 1.84 years at June 30, 2009. The College relies on policies developed by the State Treasury for managing interest rate risk or credit risk for this investment pool. Disclosures for the State Treasury investment pool are included in the notes to financial statements of the State's Comprehensive Annual Financial Report.

At June 30, 2009, the College reported as cash equivalents at fair value \$5,570,446 of moneys held in the LGIP administered by the State Board of Administration (SBA) pursuant to Section 218.405, Florida Statutes. The College's investments in the LGIP, which the SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, as of June 30, 2009, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. The LGIP carried a credit rating of AAAm by Standard & Poor's and had a weighted-average days to maturity (WAM) of 46 days as of June 30, 2009. 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 LGIP to interest rate changes. The investments in the LGIP are reported at fair value, which is amortized cost.

**Capital Assets.** College capital assets consist of land; construction in progress; buildings; other structures and improvements; and furniture, machinery, and equipment. These assets are capitalized and recorded at cost at the date of acquisition or at estimated fair value at the date received in the case of gifts and purchases of State surplus property. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The College has a capitalization threshold of \$5,000 for tangible personal property and \$25,000 for buildings and other structures and improvements. Depreciation is computed on the straight-line basis over the following estimated useful lives:

- Buildings – 40 years
- Other Structures and Improvements – 10 years
- Furniture, Machinery, and Equipment:
  - Computer Equipment – 3 years

**MIAMI DADE COLLEGE**  
**A COMPONENT UNIT OF THE STATE OF FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2009**

- Vehicles, Office Machines, Educational, Athletic, and Construction and Maintenance Equipment – 5 years
- Furniture – 7 years

**Noncurrent Liabilities.** Noncurrent liabilities include principal amounts of bonds payable, installment purchases payable, compensated absences payable, other postemployment benefits payable, and deposits held for others that are not scheduled to be paid within the next fiscal year.

## 2. INVESTMENTS

The College's Board of Trustees has adopted a written investment policy providing that surplus funds of the College shall be invested in those institutions and instruments permitted under the provisions of Florida Statutes. Section 218.415(16), Florida Statutes, authorizes the College to invest in the Local Government Surplus Funds Trust Fund investment pool administered by the State Board of Administration; interest-bearing time deposits and savings accounts in qualified public depositories, as defined by Section 280.02, Florida Statutes; direct obligations of the United States Treasury; obligations of Federal agencies and instrumentalities; securities of, or interests in, certain open-end or closed-end management type investment companies; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; and other investments approved by the College's Board of Trustees as authorized by law. State Board of Education Rule 6A-14.0765(3), Florida Administrative Code, provides that College loan, endowment, annuity, and life income funds may also be invested pursuant to Section 215.47, Florida Statutes. Investments authorized by Section 215.47, Florida Statutes, include bonds, notes, commercial paper, and various other types of investments. Investments set aside to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital assets are classified as restricted.

The Board of Trustees also adopted an investment policy for the management of endowment assets and other investments, which include investment objectives, permitted types of securities in which the Board may invest, and evaluation criteria necessary to measure the investment performance of the plan. Additionally, the College's investment policy provides that the goal of the investment program is to provide a real total return from assets invested that will preserve the purchasing power of endowment assets and other investments, while generating an income stream sufficient to support the established spending requirements. Investments are to be related to the short-, mid-, and long-term needs of the College, considering the probable safety of their capital as well as the probable income to be derived from the investment. For endowment investments, four asset classes are targeted to ensure the proper level of diversification within the fund. These asset classes are domestic equity, international equity, domestic

**MIAMI DADE COLLEGE  
A COMPONENT UNIT OF THE STATE OF FLORIDA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2009**

fixed-income, and cash and cash equivalents. For other investments, the highest priority is placed on the safety of the principal. The College’s investment policy also provides that investment managers with different investment styles (strategies) will be used. During the 2008-09 fiscal year, moneys of the Endowment Fund were invested by 11 investment managers, and other investments were invested by 3 investment managers.

Endowment investments and other investments are reported at a fair value of \$79,657,993 and \$126,561,960, respectively. The reporting of endowment investments at fair value resulted in an unrealized loss of \$20,280,781 reported as a decrease to investment income. The reporting of other investments at fair value resulted in an unrealized gain of \$422,790 reported as an increase to investment income.

The College’s investments at June 30, 2009, are reported at fair value, as follows:

<u>Investment Type</u>	<u>Amount</u>
Corporate Bonds and Notes	\$ 48,967,681
Federal Agency Obligations	43,016,068
Stocks and Other Equity Securities	33,711,178
Alternative Hedge Funds	18,076,459 (1)
U.S. Government Obligations	23,427,229
International Equities	16,737,168
Money Market Funds	19,358,934
State Board of Administration (SBA) Surplus Funds Trust Fund	2,925,236
<b>Total College Investments</b>	<b>\$ 206,219,953</b>

Note: (1) The value of investments held in this fund involve significant uncertainties and judgments and cannot be determined with precision. Due to the inherent uncertainty of valuation, those estimated values may differ from the value that would have been used had a ready market for these investments existed, and the differences could be material.

The following risks apply to the College’s investments other than the SBA Fund B external investment pool:

*Interest Rate Risk:* The College’s investment policy for endowment investments, as a means of managing its exposure to fair value losses arising from increasing interest rates, states that investment managers are engaged to reduce the overall volatility of the portfolio and to provide a highly predictable and dependable source of income. It is expected that investments made by the investment managers will be flexibly allocated among maturities of different lengths according to interest rate prospects. For endowment investments at June 30, 2009, the College’s debt securities totaling \$8,799,971 with one investment manager had an average

**MIAMI DADE COLLEGE  
A COMPONENT UNIT OF THE STATE OF FLORIDA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2009**

duration of 5.1 years. The College’s investment policy for other investments states that investments shall be made with the same judgment and care, under circumstance then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs. For other investments at June 30, 2009, the College’s debt securities totaling \$71,494,949 with one investment manager, and \$35,116,058 with another investment manager had an average duration of 3 years and 3.84 years, respectively.

*Credit Risk:* Credit risk is the risk that an issuer or other counterparty will not fulfill its obligations. Obligations of the United States government or obligations explicitly guaranteed by the United States government are not considered to have credit risk and do not require disclosure of credit quality. The College’s investment policy states that the fixed income manager’s overall portfolio for endowment investments should exhibit at least an investment grade rating by either Moody or Standard & Poor’s, and that the weighted average quality rating of the collective funds invested in other investments must maintain a rating of AA or higher. At June 30, 2009, the College had investments with quality ratings by nationally recognized rating agencies (i.e., Standard & Poor’s), as follows:

College Investments Quality Ratings				
Investment Type (1)	Fair Value	AA+	AA-	A
<b>Endowment Investments:</b>				
Corporate Bonds and Notes	\$ 5,941,762	\$	\$	\$ 5,941,762
Federal Agency Obligations	441,271			441,271
<b>Other Investments:</b>				
Corporate Bonds and Notes	43,025,919	14,550,012	28,475,907	
Federal Agency Obligations	13,409,503	2,522,654	10,886,849	
<b>Total</b>	<b>\$ 62,818,455</b>	<b>\$ 17,072,666</b>	<b>\$ 39,362,756</b>	<b>\$ 6,383,033</b>

Note: (1) These credit quality ratings are for Corporate Bonds and Notes, and Federal Agency Obligations not explicitly guaranteed by the United States Government. Credit risk disclosure is not required for the other College investments.

*Custodial Credit Risk:* Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the College will not be able to recover that value of investments or collateral securities that are in the possession of an outside party. Investments purchased on behalf of the College pursuant to Section 218.415, Florida Statutes, must be properly earmarked and (1) if registered with the issuer or its agents, the investment must be immediately placed for safekeeping in a location that protects the College’s interest in the security; (2) if in a book-entry form, the investment must be held for the credit of the College by a depository chartered by the Federal Government, the State, or any other State or territory of the United States, that has a branch or principal place of business in this State, or by a national association organized

**MIAMI DADE COLLEGE**  
**A COMPONENT UNIT OF THE STATE OF FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2009**

and existing under the laws of the United States that is authorized to accept and execute trusts and which is doing business in this State, and must be kept by the depository in an account separate and apart from the assets of the financial institution; or (3) if physically issued to the holder but not registered with the issuer or its agents, must be immediately placed for safekeeping in a secured vault. The College's investments of \$13,850,774 in Federal agency obligations, \$18,076,459 in alternative hedge funds, and \$16,737,168 in international equities, as well as stocks and other equity securities totaling \$3,239,397 and money market funds totaling \$10,021,771 are held by the safekeeping agent in the name of the College.

*Concentration of Credit Risk:* The College's investment policy for endowment investments allows for investment allocations of 40 to 60 percent in domestic equity securities, 5 to 40 percent in international equity securities, and 10 to 30 percent in domestic fixed securities. In addition, each domestic fixed income manager can invest up to 10 percent of its respective portfolio in certain international securities as long as the total international equity securities and international fixed income securities do not exceed 40 percent of total endowment investments. The College's investment policy for other investments provides that a maximum of 5 percent may be invested in securities of any single issuer, except for United States Government and United States Government agency securities.

**Securities Lending**

The College participates in a securities lending program as a means to augment income. This program is managed by the College's custodial bank that serves as a lending agent for the College and receives securities or cash as collateral. The College's securities are transferred to broker-dealers and other entities (borrowers) for collateral with a simultaneous agreement to return the collateral for cash or the same securities in the future.

Securities loans immediately terminate by either the College or its agent, or by the borrower, upon notice and delivery of equivalent securities. Securities lent for collateral received exceeded the fair value of such investments during the period of loan. All borrowers are required to provide additional collateral if the value falls to less than 100 percent of the fair value of securities lent.

The types of securities lent during the year, to lenders domiciled or who reside in the United States, included United States Government Obligations, corporate bonds, and stocks and other equity securities. Asset-backed securities were specifically excluded as allowable collateral securities from the agreement. As of June 30, 2009, the College had loaned certain securities, with a fair market value of \$17,828,460 and had received cash collateral of \$18,302,779 for the loaned securities. As of June 30, 2009, the College had net investment income of \$53,667 for securities lending transactions.

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Securities Lending - Investments Lent and Collateral Received (at Fair Value)		
Securities Lent	Fair Value of Underlying Securities	Cash Collateral Investment Value
For Cash Collateral (Endowment):		
U.S. Government Obligations	\$ 253,221	\$ 259,300
Corporate Bonds	354,794	364,351
Stock and Other Equity Securities	753,134	774,177
For Cash Collateral (Other Investments):		
U.S. Government Obligations	10,484,582	10,754,168
Corporate Bonds	5,982,729	6,150,783
<b>Total</b>	<b>\$ 17,828,460</b>	<b>\$ 18,302,779</b>

The contract with the College’s custodian requires them to indemnify the funds if the borrowers fail to return the securities (and if the collateral is inadequate to replace securities lent) or fail to pay the funds for income distributions by the securities’ issuers while the securities are on loan.

*Credit Risk:* At June 30, 2009, the College had no credit risk exposure to borrowers because the amounts the College owed the borrowers exceeded the amounts the borrowers owed the College.

*Custodial Credit Risk:* There is no custodial risk exposure associated with the investment of cash received for securities lent. These investments are held in the College’s name by the custodial bank as an agent for the College.

**State Board of Administration Fund B Surplus Funds Trust Fund**

On December 4, 2007, the State Board of Administration (SBA) restructured the Local Government Surplus Funds Trust Fund (LGIP) to also establish the Fund B Surplus Funds Trust Fund (Fund B). Fund B, which is administered by the SBA pursuant to Sections 218.405 and 218.417, Florida Statutes, is not subject to participant withdrawal requests. Distributions from Fund B, as determined by the SBA, are effected by transferring eligible cash or securities to the LGIP, consistent with the pro rata allocation of pool shareholders of record at the creation date of Fund B. One hundred percent of such distributions from Fund B are available as liquid balance within the LGIP.

At June 30, 2009, the College reported investments at fair value of \$2,925,236 for amounts held in Fund B. The College’s investments in Fund B are accounted for as a fluctuating net asset value pool, with a fair value factor of .5137 at June 30, 2009. The weighted-average life (WAL) of Fund B at June 30, 2009, was 6.87 years. A portfolio’s WAL is the dollar-weighted average length of time until securities held reach

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maturity and is based on legal final maturity dates for Fund B as of June 30, 2009. WAL measures the sensitivity of Fund B to interest rate changes. The College's investment in Fund B is unrated.

**Component Unit Investments**

Investments held by the Foundation are composed of Government investment pools, equity and debt securities, fund of funds, Federal agency debt securities, mutual funds, short-term investments, and private equity fund, and are presented on the financial statements at fair value of \$87,779,974. This includes investments amounting to \$45,217,273, the values of which have been estimated by the Foundation, in the absence of readily ascertainable market values. Those estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and the differences could be material.

**3. QUASI-ENDOWMENT FUND**

Pursuant to a referendum held in September 1992, Miami-Dade County was authorized to exceed the constitutional millage limitation and levy an ad valorem tax of  $\frac{3}{4}$  of a mill for a two-year period for the purpose of maintenance, improvement, and expansion of occupational, vocational, and educational programs at the College. The funds generated by this referendum were approximately \$94 million and were invested and deposited in the College's quasi-endowment fund, of which the Board established a maximum annual withdrawal of \$9.5 million. At June 30, 2009, the College reported quasi-endowment investments of approximately \$79.7 million.

**4. ACCOUNTS RECEIVABLE**

Accounts receivable represent amounts for student fee deferments, various student services provided by the College, returned checks, and contract and grant reimbursements due from third parties. These receivables are reported net of a \$2,066,591 allowance for uncollectible accounts.

**5. NOTES RECEIVABLE**

Notes receivable represent student loans made under the Federal Perkins Loan Program of \$14,728,151, Federal Nursing Student Loan Program of \$58,912, short-term loan program of \$3,157,458, and emergency loan program of \$7,332. Notes receivable are reported net of a \$1,266,529 allowance for uncollectible notes.

**6. DUE FROM OTHER GOVERNMENTAL AGENCIES**

This amount primarily consists of \$116,001,392 of Public Education Capital Outlay allocations due from the State for construction of College facilities.

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**7. DUE FROM AND TO COMPONENT UNIT/COLLEGE**

The \$507,279 reported as due to component unit consists of amounts owed by the College to the Foundation pursuant to an agreement to support the Foundation's operations. The \$3,328,724 due from component unit consists of amounts owed to the College by the Foundation for scholarships and student aid. The College's financial statements are reported for the fiscal year ended June 30, 2009. The College's component unit's financial statements are reported for the fiscal year ended March 31, 2009. Accordingly, amounts reported by the College as due from and to component unit on the statement of net assets do not agree with amounts reported by the component unit as due from and to the College.

**8. INVENTORIES**

Inventories consist of items for resale by the Vision Care Clinic, and are valued using the retail method. Consumable laboratory supplies, teaching materials, and office supplies on hand in College departments are expensed when purchased, and are not considered material. Accordingly, these items are not included in the reported inventory.

**9. CAPITAL ASSETS**

Capital assets activity for the fiscal year ended June 30, 2009, is shown below:

Description	Beginning Balance	Additions	Reductions	Ending Balance
<b>Nondepreciable Capital Assets:</b>				
Land	\$ 69,546,226	\$ 5,376,465	\$	\$ 74,922,691
Construction in Progress	16,327,523	24,533,808	1,371,321	39,490,010
<b>Total Nondepreciable Capital Assets</b>	<b>\$ 85,873,749</b>	<b>\$29,910,273</b>	<b>\$1,371,321</b>	<b>\$ 114,412,701</b>
<b>Depreciable Capital Assets:</b>				
Buildings	\$ 472,390,142	\$ 12,180,669	\$ 35,641	\$ 484,535,170
Other Structures and Improvements	24,458,186	1,647,318		26,105,504
Furniture, Machinery, and Equipment	59,731,606	2,906,544	2,198,167	60,439,983
<b>Total Depreciable Capital Assets</b>	<b>556,579,934</b>	<b>16,734,531</b>	<b>2,233,808</b>	<b>571,080,657</b>
<b>Less, Accumulated Depreciation:</b>				
Buildings	214,816,763	15,351,161	7,127	230,160,797
Other Structures and Improvements	22,448,353	507,265		22,955,618
Furniture, Machinery, and Equipment	53,580,265	3,115,011	2,195,579	54,499,697
<b>Total Accumulated Depreciation</b>	<b>290,845,381</b>	<b>18,973,437</b>	<b>2,202,706</b>	<b>307,616,112</b>
<b>Total Depreciable Capital Assets, Net</b>	<b>\$ 265,734,553</b>	<b>\$ (2,238,906)</b>	<b>\$ 31,102</b>	<b>\$ 263,464,545</b>

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**10. SALARY AND PAYROLL TAXES PAYABLE**

Salary and payroll taxes payable as of June 30, 2009, totaled \$26,338,915. This amount includes \$14,567,261 of salary and payroll taxes and banked point liability of \$11,771,654. Under the bank point system, faculty members are allowed to bank overload teaching assignments. The instructor may use the banked points to offset future underloads, provide for additional leave time, or receive payment upon termination.

**11. DEFERRED REVENUE**

Deferred revenue includes restricted grants and contracts revenue and student tuition and fees received prior to fiscal year-end related to subsequent accounting periods. As of June 30, 2009, the College reported the following amounts as deferred revenue:

Description	Amount
Restricted Grants and Contracts	\$ 1,561,695
Student Tuition and Fees	1,113,278
<b>Total Deferred Revenue</b>	<b>\$ 2,674,973</b>

**12. LONG-TERM LIABILITIES**

Long-term liabilities of the College at June 30, 2009, include bonds, installment purchases, deposits held for others, compensated absences, and other postemployment benefits payable. Long-term liabilities activity for the fiscal year ended June 30, 2009, is shown below:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable	\$ 6,575,000	\$	\$ 815,000	\$ 5,760,000	\$ 860,000
Installment Purchases Payable	1,332,080		363,499	968,581	376,925
Deposits Held for Others	4,846,570	23,346		4,869,916	4,864,916
Compensated Absences Payable	27,719,080	14,978,505	14,931,175	27,766,410	14,957,765
Other Postemployment Benefits Payable	2,920,283	2,800,917		5,721,200	
<b>Total Long-Term Liabilities</b>	<b>\$43,393,013</b>	<b>\$17,802,768</b>	<b>\$16,109,674</b>	<b>\$45,086,107</b>	<b>\$21,059,606</b>

**Bonds Payable.** The State Board of Education issues capital outlay bonds on behalf of the College. These bonds mature serially and are secured by a pledge of the College’s portion of the State-assessed motor vehicle license tax and by the State’s full faith and credit. The State Board of Education and the State Board of Administration administer the principal and interest payments, investment of debt service resources, and compliance with reserve requirements. The College had the following bonds payable at June 30, 2009:

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Bond Type	Amount Outstanding	Interest Rates (Percent)	Annual Maturity To
State Board of Education			
Capital Outlay Bonds:			
Series 1999A	\$ 155,000	4.38 - 4.75	2019
Series 2002B	4,495,000	4.00 - 5.38	2015
Series 2005A	70,000	5.00	2016
Series 2005B	1,040,000	5.00	2018
<b>Total</b>	<b>\$ 5,760,000</b>		

Annual requirements to amortize all bonded debt outstanding as of June 30, 2009, are as follows:

Fiscal Year Ending June 30	State Board of Education Capital Outlay Bonds		
	Principal	Interest	Total
2010	\$ 860,000	\$ 292,494	\$ 1,152,494
2011	925,000	246,744	1,171,744
2012	985,000	197,550	1,182,550
2013	1,075,000	156,975	1,231,975
2014	1,155,000	99,738	1,254,738
2015-2019	760,000	89,775	849,775
<b>Total</b>	<b>\$ 5,760,000</b>	<b>\$ 1,083,276</b>	<b>\$ 6,843,276</b>

**Installment Purchases Payable.** The College has entered into several installment purchase agreements for the purchase of data processing equipment reported at \$1,853,199. The stated interest rates ranged from 3.25 percent to 3.75 percent. Future minimum payments remaining under installment purchase agreements and the present value of the minimum payments as of June 30, 2009, are as follows:

Fiscal Year Ending June 30	Amount
2010	\$ 405,881
2011	405,881
2012	202,939
<b>Total Minimum Payments</b>	<b>1,014,701</b>
Less, Amount Representing Interest	46,120
<b>Present Value of Minimum Payments</b>	<b>\$ 968,581</b>

**Compensated Absences Payable.** College employees may accrue annual and sick leave based on length of service, subject to certain limitations regarding the amount that will be paid upon termination. The College reports a liability for the accrued leave; however, State appropriations fund only the portion of accrued leave

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that is used or paid in the current fiscal year. Although the College expects the liability to be funded primarily from future appropriations, generally accepted accounting principles do not permit the recording of a receivable in anticipation of future appropriations. At June 30, 2009, the estimated liability for compensated absences, which includes the College's share of the Florida Retirement System and FICA contributions, totaled \$27,766,410. The current portion of the compensated absences liability \$14,957,765 is the amount expected to be paid in the coming fiscal year, and represents a historical percentage of leave used applied to total accrued leave liability.

**Other Postemployment Benefits Payable.** The College implemented Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for certain postemployment benefits administered by the College.

*Plan Description.* The Other Postemployment Benefits Plan is a single-employer defined-benefit plan administered by the College. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the College are eligible to participate in the College's purchased health and hospitalization plan for medical, prescription drug, and vision, life, dental, and legal coverages. The College subsidizes the premium rates paid by retirees by allowing them to participate in the plan at reduced or 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. Additionally, certain retirees receive insurance coverage at a lower (explicitly subsidized) premium rate than active employees. The benefits provided under this defined-benefit plan are provided for a maximum of seven years or until the retiree reaches age 65, whichever occurs earlier. The premium discount is determined at the time of retirement based on the number of years worked for the College. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. The College does not issue a stand-alone report and the Plan is not included in the annual report of a public employee retirement system or another entity.

*Funding Policy.* For the Other Postemployment Benefits Plan, contribution requirements of the College and Plan members are established and may be amended through recommendations of the Insurance Committee and actions from the Board of Trustees. The College has not advance-funded or established a funding methodology for the annual Other Postemployment Benefit (OPEB) costs or the net OPEB obligation, and the Plan is financed on a pay-as-you-go basis. For the 2008-09 fiscal year, 225 retirees received other postemployment healthcare benefits (i.e., medical, prescription drugs, and vision), 366 retirees received life

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insurance benefits, 530 retirees received dental benefits, and 99 retirees received legal benefits. The College provided required contributions of \$2,041,505 toward the annual OPEB cost, comprised of benefit payments made on behalf of retirees for claims expenses (net of reinsurance), administrative expenses, and reinsurance premiums. Retiree contributions totaled \$1,935,981.

*Annual OPEB Cost and Net OPEB Obligation.* The College’s annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of Governmental Accounting Standards Board 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 30 years. The following table shows the College’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the College’s net OPEB obligation (based on the College’s actuarial study as of October 1, 2007):

Description	Amount
Normal Cost (Service Cost for One Year)	\$ 2,565,671
Amortization of Unfunded Actuarial Accrued Liability	2,081,698
Interest on Normal Cost and Amortization	-
<b>Annual Required Contribution</b>	4,647,369
Interest on Net OPEB Obligation	131,413
Adjustment to Annual Required Contribution	63,640
<b>Annual OPEB Cost</b>	4,842,422
Contribution Toward the OPEB Cost	(2,041,505)
<b>Increase in Net OPEB Obligation</b>	2,800,917
Net OPEB Obligation, Beginning of Year	2,920,283
<b>Net OPEB Obligation, End of Year</b>	\$ 5,721,200

The College’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2009, and for the transition and preceding years were as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
Beginning Balance, July 1, 2007	\$		\$
2007-08	4,647,369	37.16%	2,920,283
2008-09	4,842,422	42.16%	5,721,200

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*Funded Status and Funding Progress.* As of October 1, 2007, the most recent valuation date, the actuarial accrued liability for benefits was \$57,036,378, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$57,036,378 and a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was \$94,931,489 for the 2008-09 fiscal year, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 60.08 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and healthcare cost 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 financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

The College's initial OPEB actuarial valuation as of October 1, 2007, used the entry age cost actuarial method to estimate the unfunded actuarial liability as of June 30, 2009, and the 2008-09 fiscal year ARC. This method was selected because it is the most common method used for government pension valuation and spreads the costs evenly as a percent of pay throughout the collective careers of those in the covered workforce. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 4.5 percent rate of return on invested assets, which is the College's expectation of investment returns under its investment policy. The actuarial assumptions also included a payroll growth rate of 4 percent per year, and an annual healthcare cost trend rate of 10 percent initially for the 2007-08 fiscal year, reduced by 0.5 percent per year, to an ultimate rate of 8.5 percent after five years. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2009, was 28 years.

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**13. RETIREMENT PROGRAMS**

**Florida Retirement System.** Essentially all regular employees of the College are eligible to enroll as members of the State-administered Florida Retirement System (FRS). Provisions relating to FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112 Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code, wherein eligibility, contributions, and benefits are defined and described in detail. Essentially all regular employees of participating employers are eligible and must enroll as members of FRS. 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. These include a defined benefit pension plan (Plan), a Deferred Retirement Option Program (DROP), and a defined contribution plan, referred to as the Public Employee Optional Retirement Program (PEORP).

Employees in the Plan vest at six years of service. All vested members are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, which may include up to 4 years of credit for military 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 and death benefits, and annual cost-of-living adjustments.

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 employer. An employee may participate in the DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

The State of Florida establishes contribution rates for participating employers. Contribution rates during the 2008-09 fiscal year were as follows:

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Class or Plan	Percent of Gross Salary	
	Employee	Employer (A)
Florida Retirement System, Regular	0.00	9.85
Florida Retirement System, Senior Management Service	0.00	13.12
Teacher's Retirement System, Plan E	6.25	11.35
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes or Plan	0.00	10.91
Florida Retirement System, Reemployed Retiree	(B)	(B)

Notes: (A) Employer rates include 1.11 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include .05 percent for administrative costs of the Public Employee Optional Retirement Program.

(B) Contribution rates are dependent upon retirement class or plan in which reemployed.

The College's liability for participation is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the College. The College's contributions (including employee contributions) for the fiscal years ended June 30, 2007, June 30, 2008, and June 30, 2009, totaled \$13,366,895, \$13,601,429, and \$13,464,380, respectively, which were equal to the required contributions for each fiscal year.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the PEORP in lieu of the FRS defined-benefit plan. College employees already participating in the State College System Optional Retirement Program or the DROP are not eligible to participate in this program. Employer contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The PEORP is funded by employer contributions that are based on salary and membership class (Regular Class, Senior Service Management Class, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in PEORP vest at one year of service. There were 498 College participants during the 2008-09 fiscal year. Required contributions made to the PEORP totaled \$2,249,861.

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services. An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services, Division of Retirement.

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**14. CONSTRUCTION COMMITMENTS**

The College’s major construction commitments at June 30, 2009, are as follows:

Project Description	Total Commitment	Completed to Date	Balance Committed
North Campus:			
Science Building	\$36,010,347	\$33,495,252	\$ 2,515,095
Aquatic Center	6,128,926	616,575	5,512,351
Medical Center Campus:			
Classrooms/Laboratories	3,114,266	1,497,502	1,616,764
Kendall Campus:			
Bachelor of Science Laboratories	2,835,854	1,856,143	979,711
<b>Total</b>	<b>\$48,089,393</b>	<b>\$37,465,472</b>	<b>\$10,623,921</b>

**15. RISK MANAGEMENT PROGRAMS**

The College 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. The College provided coverage for these risks primarily through the Florida College System Risk Management Consortium (Consortium), which was created under authority of Section 1001.64(27), Florida Statutes, by the boards of trustees of the Florida public colleges for the purpose of joining a cooperative effort to develop, implement, and participate in a coordinated Statewide College risk management program. The Consortium is self-sustaining through member assessments (premiums) and is reinsured through commercial companies for claims in excess of specified amounts. Reinsurance from commercial companies provided excess coverage of up to \$200 million through February 2009 and up to \$175 million starting March 1, 2009. Insurance coverage obtained through the Consortium included fire and extended property, general and automobile liability, workers’ compensation, and other liability coverage. Settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

Health and hospitalization, life, dental, and long-term disability coverage are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

**16. SCHEDULE OF STATE REVENUE SOURCES**

Revenue from State sources for current operations is primarily from the College Program Fund administered by the Florida Department of Education under the provisions of Section 1011.81, Florida Statutes. In accordance with Section 1011.84, Florida Statutes, the Legislature determines each college’s apportionment

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considering the following components: base budget, which includes the State appropriation to the College Program Fund in the current year plus the related student tuition and fees assigned in the current General Appropriations Act; the cost-to-continue allocation, which consists of incremental changes to the base budget, including salaries, price levels, and other related costs; enrollment workload adjustments; operation costs of new facilities adjustments; and new and improved program enhancements, which are determined by the Legislature. Student fees in the base budget plus student fee revenues generated by increases in fee rates are deducted from the sum of these components to determine the net annual State apportionment to each college.

The State allocates gross receipts taxes, generally known as Public Education Capital Outlay money, to the College on an annual basis. The College is authorized to receive and expend these resources only upon applying for and receiving an encumbrance authorization from the Florida Department of Education.

The following is a summary of State revenue sources and amounts:

<u>Source</u>	<u>Amount</u>
College Program Fund	\$ 149,790,466
Gross Receipts Tax (Public Education Capital Outlay)	39,799,261
Education Enhancement Trust Fund (Lottery)	20,325,653
Florida Student Assistance Grants	11,424,714
Facilities Enhancement Challenge Grant	5,391,546
Bright Futures Scholarship Program	5,376,143
Restricted Contracts and Grants	3,197,418
Motor Vehicle License Tax (Capital Outlay and Debt Service)	2,243,282
Baccalaureate Program	1,154,172
<b>Total</b>	<b>\$ 238,702,655</b>

**17. FUNCTIONAL DISTRIBUTION OF OPERATING EXPENSES**

The functional classification of an operating expense (instruction, academic support, etc.) is assigned to a department based on the nature of the activity, which represents the material portion of the activity attributable to the department. For example, activities of an academic department for which the primary departmental function is instruction may include some activities other than direct instruction such as public service. However, when the primary mission of the department consists of instructional program elements, all expenses of the department are reported under the instruction classification. The operating expenses on the statement of revenues, expenses, and changes in net assets are presented by natural classifications. The following are those same expenses presented in functional classifications as recommended by NACUBO:

**MIAMI DADE COLLEGE**  
**A COMPONENT UNIT OF THE STATE OF FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2009**

<u>Functional Classification</u>	<u>Amount</u>
Instruction	\$ 145,498,797
Public Services	4,554,536
Academic Support	38,138,667
Student Services	30,297,668
Institutional Support	55,875,870
Operation and Maintenance of Plant	47,825,351
Scholarships and Fellowships	66,803,748
Depreciation	18,973,438
Auxiliary Enterprises	7,354,380
Loan Operating Expenses	1,409,653
<b>Total Operating Expenses</b>	<b><u><u>\$ 416,732,108</u></u></b>

**MIAMI DADE COLLEGE  
OTHER REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS –  
OTHER POSTEMPLOYMENT BENEFITS PLAN**

Actuarial Valuation Date (1)	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b) (2)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
10/1/2007	\$ -	\$ 57,036,378	\$ 57,036,378	0%	\$ 93,458,005	61.03%

Notes: (1) The most recent actuarial valuation was October 1, 2007.  
 (2) The actuarial cost method used by the College is the entry age cost method.



DAVID W. MARTIN, CPA  
AUDITOR GENERAL

# AUDITOR GENERAL STATE OF FLORIDA

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

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

We have audited the financial statements of Miami Dade College, a component unit of the State of Florida, and its discretely presented component unit as of and for the fiscal year ended June 30, 2009, which collectively comprise the College's basic financial statements, and have issued our report thereon included under the heading **INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS**. Our report on the financial statements was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Other auditors audited the financial statements of the discretely presented component unit as described in our report on the College's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

### **Internal Control Over Financial Reporting**

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

A *control deficiency* 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 misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the College's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the College's financial statements that is more than inconsequential will not be prevented or detected by the College's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the College's internal control.

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

### **Compliance and Other Matters**

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

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

Respectfully submitted,



David W. Martin, CPA  
March 12, 2010