



Miami Dade College

ANNUAL FINANCIAL REPORT

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District Board of Trustees
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September 21, 2004

District Board of Trustees

Dr. Eduardo J. Padrón, District President:

Enclosed herein is the Miami Dade College Annual Financial Report for the fiscal year ended June 30, 2004. This report was prepared under generally accepted accounting principles and in our opinion, presents fairly, in all material respects, the financial position of the College and its underlying operations and financial activity for the fiscal year.

This report is a compilation of all College financial activity recorded in the various funds required by State and Federal guidelines.

Respectfully submitted,

E. H. Levering

VP - Business Affairs &
Chief Financial Officer

TABLE OF CONTENTS

INTRODUCTION	1
FINANCIAL HIGHLIGHTS	
Income Statement Analysis – Current Funds - Unrestricted	2
Current Funds - Unrestricted Summary	3
Consolidated Income Statement - Revenue	4
Consolidated Income Statement - Expenses	4
Consolidated Balance Sheet Comparison – Analysis of Net Assets	5
Investments Comparison	6
Long Term Debt	7
Statement of Future Condition	7
FINANCIAL STATEMENTS	
Consolidated Income Statement Comparison - Revenue	8
Consolidated Income Statement Comparison - Expenses	9
Consolidated Balance Sheet Comparison – Analysis of Net Assets	10
Consolidated Statement of Cash Flow Comparison	11
Investment Comparison	12
Long-Term Debt Comparison	12
Combined Income Statement (SRECNA) – By Fund	13 - 14
Combined Balance Sheet (Statement of Net Assets) – By Fund	15 - 16
Consolidated Income Statement (SRECNA)	17
Consolidated Balance Sheet (Statement of Net Assets)	18
Consolidated Statement of Cash Flow	19
NOTES TO FINANCIAL STATEMENTS	20 - 27

Miami Dade College is a multi-campus, state-supported institution of higher learning with six primary campuses and numerous outreach centers and is nationally recognized as the largest college or university in the country. It is governed by a seven-member District Board of Trustees and a College President. The College's curriculum and degree programs include Associate in Arts and Associate in Science degrees, Vocational Credit Certificates, and Continuing Workforce Education Courses, in addition to a newly established four-year degree program in Education. The College served the enrollment of approximately 54,439 full-time equivalent (FTE) students and approximately 155,606 unique enrollees during the fiscal year.

Revenue shortfalls and budget cuts at the State level resulted in an enormous financial challenge during the fiscal year. The College implemented initiatives during the year that were aimed at minimizing the potential impact of these cuts while improving the overall long-term effectiveness of the institution. The development of new revenue sources and aggressive cost containment initiatives have served the College well in its commitment to the growth of educational programs and continued excellence in service to its students and the community.

During the year, we achieved several key objectives that exemplify our focus on the delivery of affordable, high quality education to our students and service to the community:

- Solidified our financial position in a challenging economic environment. The current funds-unrestricted fund balance was \$26.7 million or 9.5 percent of the \$281.9 million total funds available during the year
 - Increased total net assets of the College by \$6.6 million, or 1.2 percent
 - Increased salaries of all full-time employees by 2.5 percent
 - Increased operating revenues from auxiliary enterprises, primarily bookstore and food services operations, by 12.9 percent
 - Increased Federal, State, and local grants and contracts funding by \$1.4 million, or 6.8 percent versus prior year
 - Increased investment income, overall for the College, by over \$2.7 million versus prior year
 - Increased capital appropriation from the State (Public Education Capital Outlay funding) by \$24.5 million versus prior year
 - Welcomed our inaugural baccalaureate degree class in the fall term, 2003
 - Served as primary sponsor of the Miami International Film Festival, and expanded the successful Miami Book Fair International
 - Opened the Burn Building training facility at the North Campus
 - Continued to engage in a highly successful campaign to market the College's programs by showcasing key College graduates and employees
 - Continued to aggressively develop a comprehensive approach to student recruitment and retention through our Enrollment Management program
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INCOME STATEMENT ANALYSIS - CURRENT FUNDS-UNRESTRICTED (FUND 1)

- Revenue from State funding decreased by \$0.8 million versus 2002-2003; reductions were enacted by Legislature for all categories of General Revenue funding.
 - Due to the continued growth in full-time equivalent student enrollment and a slight increase in the student fee rate approved by the District Board of Trustees, student tuition and fees increased by \$4.8 million versus prior year.
 - Due to the weak economic environment, the College experienced a \$1.1 million reduction in Interest Income.
 - Overall, Revenue exceeded prior year amount by \$4.4 million.
 - Payroll and Benefits expenses increased by \$10.5 million versus prior year due to the effect of a 2.5 percent base salary increase and increased staffing required to service enrollment growth. However, the year to date amount remained below budget due to full-time salary residuals.
 - Total Overhead and Non-payroll expenses were \$4.4 below prior year and \$9.0 million below budget, principally due to spending constraints imposed in light of reduced State support. Significant increases versus prior year were incurred in Insurance expense, Utilities and Repairs and Maintenance, all principally due to inflationary factors and increased enrollment. These increases were primarily offset by a reduction versus prior year in Transfers Out, reflecting lower funding available for use in capital projects college-wide.
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Miami Dade College
CURRENT FUND-UNRESTRICTED SUMMARY
Unrestricted Fund Operations for the Fiscal Year Ended June 30, 2004

	YTD <u>ACTUAL</u>	YTD <u>BUDGET</u>	YTD <u>PRIOR YEAR</u>	YTD ACTUAL OVER / (UNDER) <u>YTD BUDGET</u>	YTD ACTUAL OVER / (UNDER) <u>PRIOR YEAR</u>
REVENUES					
STATE & LOCAL GOVERNMENT					
General Revenue - CCPF	\$ 92,918,963	\$ 92,918,963	\$ 93,355,365	\$ -	\$ (436,402)
General Revenue - Lottery	15,068,366	15,068,366	15,068,366	-	-
General Revenue - Workforce Development	30,543,083	30,543,083	30,821,477	-	(278,394)
General Revenue - PBB	<u>979,326</u>	<u>979,326</u>	<u>1,072,838</u>	-	<u>(93,512)</u>
SUB-TOTAL - GENERAL REVENUE	139,509,738	139,509,738	140,318,046	-	(808,308)
NWSA-Support GR, DCPS & Regents	2,229,573	2,237,744	2,237,744	(8,171)	(8,171)
Assessment Center	-	-	-	-	-
Other State Government	<u>73,644</u>	<u>70,000</u>	<u>75,222</u>	<u>3,644</u>	<u>(1,578)</u>
TOTAL STATE & LOCAL GOVERNMENT	<u>141,812,955</u>	<u>141,817,482</u>	<u>142,631,012</u>	<u>(4,527)</u>	<u>(818,057)</u>
Student Fees	95,501,776	97,329,503	90,734,693	(1,827,727)	4,767,083
Transfers In/Community Endowment	9,500,000	9,500,000	9,500,000	-	-
Interest Income	778,125	2,500,000	1,906,312	(1,721,875)	(1,128,187)
Transfers In/Auxiliary Services	716,243	3,000,000	-	(2,283,757)	716,243
Indirect Cost From Federal Grants	1,112,496	800,000	1,004,435	312,496	108,061
Other Revenue	<u>1,827,497</u>	<u>1,400,000</u>	<u>1,078,767</u>	<u>427,497</u>	<u>748,730</u>
	<u>109,436,137</u>	<u>114,529,503</u>	<u>104,224,207</u>	<u>(5,093,366)</u>	<u>5,211,930</u>
TOTAL REVENUES	<u>\$ 251,249,092</u>	<u>\$ 256,346,985</u>	<u>\$ 246,855,219</u>	<u>\$ (5,097,893)</u>	<u>\$ 4,393,873</u>
 EXPENDITURES					
PAYROLL & BENEFITS					
Full-Time	\$ 114,407,126	\$ 120,447,497	\$ 112,403,669	\$ (6,040,371)	\$ 2,003,457
Part-Time	43,560,147	39,249,106	41,778,067	4,311,041	1,782,080
Pension	8,913,071	9,441,758	7,259,432	(528,687)	1,653,639
Health & Dental	9,925,486	10,372,319	9,935,410	(446,833)	(9,924)
Payroll Tax & Other Benefits	<u>11,836,962</u>	<u>11,043,017</u>	<u>6,760,012</u>	<u>793,945</u>	<u>5,076,950</u>
TOTAL PAYROLL & BENEFITS	<u>188,642,792</u>	<u>190,553,697</u>	<u>178,136,590</u>	<u>(1,910,905)</u>	<u>10,506,202</u>
 OVERHEAD EXPENSE					
Travel	959,431	919,768	945,571	39,663	13,860
Freight & Postage	1,129,588	1,007,437	733,130	122,151	396,458
Telecommunications	947,420	1,898,975	1,396,083	(951,555)	(448,663)
Printing	1,749,880	1,161,486	1,618,820	588,394	131,060
Repairs, Maintenance & Supplies	11,700,127	10,913,107	9,073,164	787,020	2,626,963
Rentals & Leases	1,557,326	1,494,053	1,477,922	63,273	79,404
Insurance	5,848,174	4,122,672	3,268,785	1,725,502	2,579,389
Utilities	7,743,289	7,309,290	6,501,742	433,999	1,241,547
Advertising & Other Contracted Services	4,702,984	8,433,405	5,920,965	(3,730,421)	(1,217,981)
Professional Services & Legal Fees	2,132,412	2,090,185	1,866,582	42,227	265,830
Materials & Supplies - Educational/Office	6,455,554	14,168,404	7,072,772	(7,712,850)	(617,218)
Transfers-Out	10,071,904	6,737,206	17,988,395	3,334,698	(7,916,491)
Other Expense	3,305,802	2,481,043	3,894,499	824,759	(588,697)
Capital Equipment	<u>4,741,037</u>	<u>9,296,549</u>	<u>5,686,302</u>	<u>(4,555,512)</u>	<u>(945,265)</u>
TOTAL OVERHEAD EXPENSE	<u>63,044,928</u>	<u>72,033,580</u>	<u>67,444,732</u>	<u>(8,988,652)</u>	<u>(4,399,804)</u>
TOTAL EXPENDITURES	<u>\$ 251,687,720</u>	<u>\$ 262,587,277</u>	<u>\$ 245,581,322</u>	<u>\$ (10,899,557)</u>	<u>\$ 6,106,398</u>

CONSOLIDATED INCOME STATEMENT COMPARISON - REVENUE**UNRESTRICTED FUNDS***Current Funds -Unrestricted:*

- Total Revenue from State and Local Government decreased during the year. General Revenue funding from the Community College Program Fund decreased by \$0.8 million versus prior year, while Lottery Funds remained constant.
- Due to continued increases in student enrollment college-wide and an approved fee rate increase, Student Fees exceeded the prior year amount by \$4.8 million.
- Short-term interest rates dropped during the fiscal year resulting in a decrease in Interest Income versus prior year.
- Revenue derived from Other Sales and Services increased by \$1.2 million versus prior year.

RESTRICTED FUNDS*Current Funds-Restricted:*

- Revenue from restricted contracts and grants with Federal, State and private sources decreased by approximately \$1.3 million.
- An increase in Federal funding of Student Financial Assistance resulted in an increase in Scholarship Fund Revenue of \$4.8 million.

Loan & Endowment Funds:

- Loan and Endowment revenue increased by \$14.8 million primarily as a result of reporting endowment investments at market value at fiscal year ending, June 30, 2004. The increase is unrealized.

Plant Funds:

- Fluctuations in revenue of the Plant Funds are attributable to the activity levels of State appropriations, grants and capital improvement and technology fees. Unexpended Plant Fund Revenue increased by \$25.4 million as a result of an increase in Public Education Capital Outlay funding versus prior year.

CONSOLIDATED INCOME STATEMENT COMPARISON - EXPENSES**UNRESTRICTED FUNDS***Current Funds - Unrestricted:*

- Total Payroll and Benefits expenses of the Current Fund-Unrestricted increased during the 2003-2004 fiscal year by approximately \$10.5 million. A budgeted 2.5% salary rate increase and additional staffing required to service enrollment growth are attributed to this increase. Specifically, Payroll and Benefits expenses related to Direct Services to Students and Institutional Support & Public Services increased by \$4.7 million and \$5.0 million respectively, during the fiscal year.
 - Payroll and Benefits expenses related to Physical Plant Operations & Maintenance increased by \$0.9 million during the fiscal year as a result of a continuing effort to address previously deferred initiatives related to the maintenance and improvement of College facilities.
 - Payroll and Benefits expenses of the Auxiliary Operations of the College were materially unchanged versus prior year.
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- Total expenditures for Overhead and Non-payroll expenditures of the Current-Unrestricted Fund decreased by \$4.4 million during the fiscal year due to spending constraints imposed in light of reduced State support. Overhead and Non-payroll expenditures of the Auxiliary Fund increased by \$4.3 million primarily as a result of recording previously deferred transfers out to College operations.
- Utilities, Repairs & Maintenance, and Insurance increased during the fiscal year as a result of inflationary factors and costs associated with the continued rise in student enrollment.

RESTRICTED FUNDS

Current Funds - Restricted:

- Fluctuations in expenditures of the Current-Restricted Funds are fully attributable to the activity levels of restricted grants. The activity and funding of these programs and services are dictated by the sources of those revenues.
- Restricted Scholarship Funds expenditures increased by \$6.0 million during the fiscal year. This was primarily due to an increase in enrolled students that were eligible for student financial assistance from Federal, State, and other third party sources.

Loan and Endowment Funds:

- The expenditures of the Loan and Endowment Fund remained constant versus prior year.

Plant Funds:

- Fluctuations in expenditures of the Plant Funds are attributable to the activity levels of State appropriations, grants, and capital improvement and technology fees. The activity and funding of these programs and services are dictated by the sources of those revenues.

CONSOLIDATED BALANCE SHEET COMPARISON– ANALYSIS OF NET ASSETS

UNRESTRICTED FUNDS

Current Funds – Unrestricted:

- Unrestricted Funds net assets (fund balance) decreased by \$1.5 million as a result of a slight reduction of State support and the recording of budgeted transfers out from Auxiliary Funds to College operations.

RESTRICTED FUNDS

Current Funds – Restricted:

- Compared to a \$2.2 million increase in prior year, the Restricted Funds ended the year with a \$0.2 million decrease in net assets (fund balance). The decrease resulted from a reduction in restricted grant programs provided by the State and timing differences between the College's fiscal year and the grants period end dates.

Loan and Endowment Funds:

- Loan Funds net assets (fund balance) decreased by \$0.4 million primarily as a result of increased costs associated with collection efforts on loans issued to students.
 - Endowment Funds net assets (fund balance) increased by \$8.7 million. Realized gains and Endowment Income totaled \$6.6 million during the fiscal year, while the reporting of endowment investments at their fair value, as required, resulted in an unrealized gain of approximately \$11.6 million. Increases to net assets in the Endowment Fund were offset by a budgeted transfer to operations of \$9.5 million during the fiscal year.
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Plant Funds:

- The combined net assets (fund balance) of the Unexpended Plant Funds, Debt Service Funds, and Investment in Plant Funds remained materially unchanged versus prior year.

INVESTMENT COMPARISON

The College pursues aggressive cash management and investment programs within the constraints imposed by Florida Statutes, State Board of Education Rules and College policy and procedure. The College maintains primary depository and checking accounts with SunTrust Bank, Miami, N.A. This allows the College to concentrate funds for investment purposes. Idle cash balances are invested on a daily basis at the best possible interest rates available. The College invests idle funds in the State Board of Administration's (SBA) Pooled Investment Account, and the State Treasury's Special Purpose Investment Account (SPIA), and other investments in accordance with the College's Investment Guidelines adopted March, 2002. For the purpose of maximizing the interest-earning yield on short-term investments, cash balances of all funds are pooled, except where it is necessary to maintain a separate cash and investment accounts.

Investments with SBA and SPIA (Short-term Investments-cash equivalent):

- Short-term investments were \$82,466,055 at June 30, 2004 compared to \$135,388,682 at June 30, 2003. The decrease was primarily due to the purchase of Other Investments using funds previously invested with the State Board of Administration and the Florida State Treasury. The market value of the Other Investments totaled \$69,308,130 at fiscal year end.

Endowment:

- In September 1992, the electorate of Miami-Dade County authorized the county to exceed the constitutional millage limitation by levying an ad valorem tax of $\frac{3}{4}$ of a mill, for a period of two years commencing October 1, 1992, for the maintenance, improvement, and expansion of occupational, vocational and educational programs at Miami-Dade Community College. Over the two-years, the College received approximately \$94,000,000. This fund is called the Community Endowment Fund. The College is required to apply the funds, for a twenty-year period, in accordance with actions taken by the Board on December 16, 1992, or such subsequent actions concerning the application of the funds the Board may enact, provided that such actions are in accordance with the ballot question approved by the electorate. In 1993, the College adopted a formal investment policy for the investment of the Community Endowment Fund.
- From January 1, 1993 through June 30, 2004, the College has transferred \$90,472,358 from the Community Endowment Fund to the College's operating fund. At June 30, the market value of the Community Endowment was \$109,196,242.

Investments with SBE:

- Investments with the State Board of Education are administered by the State Board of Education and are reserved to satisfy outstanding debt obligations issued on behalf of the College. The College's entitlement from License Tag Fees is used to fund these investments.

LONG-TERM DEBT COMPARISON

Bonds Payable:

- At year-end, the College had approximately \$10.2 million in bonds payable outstanding versus \$10.9 the previous year. On behalf of the College, the State Board of Education issued the State Board of Education Capital Outlay Bonds. Bonds repayment of \$0.8 million was made during the year. **More detailed information about the College's long-term debt is presented in Note 8 of the financial statement.**
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Compensated Absences Payable:

- College employees may accrue annual and sick leave based on length of service but subject to certain limitations regarding the amount that will be paid upon termination. The estimated liability for compensated absences, which includes the College's share of the Florida Retirement System and FICA contributions, totaled \$29.4 million as of June 30, 2004, an increase of approximately \$1.0 million versus the previous year.

CONSOLIDATED STATEMENT OF CASH FLOWS COMPARISON

For the purpose of cash flows, cash equivalents consist of cash on hand and cash in demand deposits, and cash invested with the State Board of Administration and the Florida State Treasury. During the fiscal year ended, cash and cash equivalents decreased by \$64.6 million. The decrease is mainly due to the purchase of Other Investments using funds previously invested with the State Board of Administration and the Florida State Treasury. This reduction in cash and cash equivalents was offset by an overall increase in revenue receipts, and the continued success of college-wide cost containment initiatives.

- Net cash used for operating activities increased by \$32.2 million, or 13.0 percent. Outflows mainly responsible for the increase in net cash used are related to payments made to suppliers for goods and services, payments made to employees, and loans issued to students during the fiscal year.
- Net cash provided by noncapital financing activities increased by \$4.8 million, or 2.0 percent. The increase is a result of the receipts of State appropriations and Federal Pell Grants.
- Net cash provided by capital and related financing activities increased by \$9.9 million. The net change in cash provided was primarily attributable to a decrease in capital asset purchases of \$12.1 million versus prior year, and is offset by reductions in capital appropriations and grants received by the College.
- The College reported net cash flows used for investing activities of \$59.3 million versus a net cash flow provided by investing activities of \$18.6 million during the previous year. The difference is principally due to the purchase of investments at a cost of \$70.5 million using funds that were previously invested with the State Board of Administration and the Florida State Treasury. Accordingly, these investments are reported in the financial statements at their fair value. More detail information about the College's investments is presented in the notes to the financial statements.

STATEMENT OF FUTURE CONDITION

The economic position of Miami Dade College is closely tied to that of the State of Florida. The current projection for the 2004-05 fiscal year is an \$11.5 million, or 8.3 percent, increase in State funding. In addition, the College expects an increase in student tuition and fee revenue resulting from a 5.0 percent fee rate increase. The combination of slowing enrollment growth and the expectation of lesser increases of State funding in future years, however, is expected to pose significant financial challenges to the College going forward.

Our accomplishments prove time and again that inspiration and effort transcend dollar limitations. The conservative economic stance taken by the College will enable it to maintain financial stability despite the uncertain economic factors that may affect the public sector of higher education in the future.

Miami Dade College
CONSOLIDATED INCOME STATEMENT COMPARISON - REVENUE
For the Fiscal Year Ended June 30, 2004 and 2003

	2003-2004	2002-2003	2003-2004 OVER / (UNDER) <u>2002-2003</u>
	<u>Actual</u>	<u>Actual</u>	
REVENUES			
UNRESTRICTED FUNDS			
General Revenue - CCPF	\$ 124,441,372	\$ 125,249,680	\$ (808,308)
Lottery - CCPF	15,068,366	15,068,366	-
NWSA-Support GR, DCPS & Regents	2,229,573	2,237,744	(8,171)
Other State Government	73,644	49,050	24,594
Student Fees	95,501,776	90,734,693	4,767,083
Private Cash Contributions	-	427,749	(427,749)
Interest Income	778,125	1,906,312	(1,128,187)
Transfers In	10,216,243	9,500,000	716,243
Indirect Cost From Federal Grants	1,112,496	1,004,435	108,061
Other Sales and Services	1,827,497	677,190	1,150,307
Auxiliary Operations	<u>5,571,155</u>	<u>5,656,410</u>	<u>(85,255)</u>
TOTAL REVENUES - UNRESTRICTED FUNDS	256,820,247	252,511,629	4,308,618
RESTRICTED FUNDS			
Current Fund - Restricted Revenue	30,050,410	31,311,982	(1,261,572)
Loan and Endowment Fund Revenue	19,943,400	5,124,896	14,818,504
Scholarship Fund Revenue	106,903,985	102,145,822	4,758,163
Unexpended Plant Fund Revenue	60,859,718	35,474,891	25,384,827
Debt Service Fund Revenue	1,346,787	1,386,061	(39,274)
Investment in Plant Revenue	<u>(21,929)</u>	<u>(56,815)</u>	<u>34,886</u>
TOTAL REVENUES - RESTRICTED FUNDS	219,082,371	175,386,837	43,695,534
TOTAL REVENUES	<u>\$ 475,902,618</u>	<u>\$ 427,898,466</u>	<u>\$ 48,004,152</u>

Miami Dade College
CONSOLIDATED INCOME STATEMENT COMPARISON - EXPENSES
For the Fiscal Year Ended June 30, 2004 and 2003

	2003-2004	2002-2003	2003-2004 OVER / (UNDER) 2002-2003
	<u>Actual</u>	<u>Actual</u>	
EXPENDITURES			
UNRESTRICTED FUNDS			
PAYROLL & BENEFITS EXPENSE			
Direct Services to Students			
Classroom Instruction	\$ 107,733,813	\$ 103,420,559	\$ 4,313,254
Academic Support	20,043,625	19,362,266	681,359
Student Services	14,603,272	14,899,609	(296,337)
Student Aid	<u>403,983</u>	<u>427,321</u>	<u>(23,338)</u>
TOTAL DIRECT SERVICES TO STUDENTS	<u>142,784,692</u>	<u>138,109,755</u>	<u>4,674,937</u>
Institutional Support & Public Services	30,026,149	25,050,366	4,975,783
Physical Plant Operations & Maintenance	15,831,952	14,976,469	855,483
Auxiliary Operations	<u>1,483,005</u>	<u>1,435,957</u>	<u>47,048</u>
TOTAL PAYROLL & BENEFITS EXPENSE	<u>190,125,798</u>	<u>179,572,547</u>	<u>10,553,251</u>
OVERHEAD & NON-PAYROLL EXPENDITURES			
Utilities	7,743,289	6,501,742	1,241,547
Contracted and Professional Services	6,835,396	7,787,547	(952,151)
Materials & Supplies	6,455,554	7,072,772	(617,218)
Repairs & Maintenance	11,700,127	9,073,164	2,626,963
Rentals	1,557,326	1,477,922	79,404
Insurance	5,848,174	3,268,785	2,579,389
Telecommunications	947,420	1,396,083	(448,664)
Transfers-Out	10,071,904	17,988,395	(7,916,491)
Capital Equipment	4,741,037	5,686,302	(945,265)
Other Expense	7,144,700	7,192,019	(47,319)
Auxiliary Operations	<u>5,181,213</u>	<u>876,668</u>	<u>4,304,545</u>
TOTAL OVERHEAD & NON-PAYROLL EXPENDITURES	<u>68,226,140</u>	<u>68,321,401</u>	<u>(95,261)</u>
TOTAL EXPENDITURES - UNRESTRICTED FUNDS	258,351,938	247,893,948	10,457,990
RESTRICTED FUNDS			
Current Fund - Restricted	30,253,750	30,470,506	(216,756)
Loan and Endowment	11,682,148	11,675,709	6,439
Scholarship Fund	106,863,510	100,835,395	6,028,115
Unexpended Plant Fund	47,095,734	31,258,011	15,837,723
Debt Service Fund	1,368,352	1,445,266	(76,914)
Investment in Plant Fund	<u>13,665,650</u>	<u>(3,545,624)</u>	<u>17,211,274</u>
TOTAL EXPENDITURES - RESTRICTED FUNDS	210,929,144	172,139,263	38,789,881
TOTAL EXPENDITURES	<u>\$ 469,281,082</u>	<u>\$ 420,033,211</u>	<u>\$ 77,796,518</u>

Miami Dade College
CONSOLIDATED INCOME STATEMENT COMPARISON – ANALYSIS OF NET ASSETS
For the Fiscal Year Ended June 30, 2004 and 2003

	<u>2003-2004</u>	<u>2002-2003</u>	<u>2003-2004 OVER / (UNDER) 2002-2003</u>
FUND BALANCE			
UNRESTRICTED FUNDS			
Current Fund - Unrestricted	\$ 14,445,241.94	\$ 14,883,868.59	\$ (438,626.65)
Auxiliary Funds	11,193,695.47	12,286,759.73	(1,093,064.26)
TOTAL UNRESTRICTED FUNDS	<u>25,638,937.41</u>	<u>27,170,628.32</u>	<u>(1,531,690.91)</u>
RESTRICTED FUNDS			
Current Fund - Restricted	12,760,935.96	12,964,276.72	(203,340.76)
Scholarship Funds	3,459,435.60	3,418,960.43	40,475.17
TOTAL RESTRICTED FUNDS	<u>16,220,371.56</u>	<u>16,383,237.15</u>	<u>(162,865.59)</u>
NONCURRENT FUNDS			
Loan Funds	12,111,188.84	12,534,856.18	(423,667.34)
Endowment Funds	109,316,670.02	100,631,750.36	8,684,919.66
Unexpended Plant Funds	102,590,811.38	88,826,827.49	13,763,983.89
Debt Service Fund	231,548.95	253,114.26	(21,565.31)
Investment in Plant	297,428,534.31	311,116,113.31	(13,687,579.00)
TOTAL NONCURRENT FUNDS	<u>521,678,753.50</u>	<u>513,362,661.60</u>	<u>8,316,091.90</u>
TOTAL FUND BALANCE	<u>\$ 563,538,062.47</u>	<u>\$ 556,916,527.07</u>	<u>\$ 6,621,535.40</u>

Miami Dade College
INVESTMENT COMPARISON
For the Fiscal Year Ended June 30, 2004 and 2003

	<u>2003-2004</u>	<u>2002-2003</u>	2003-2004 OVER / (UNDER) <u>2002-2003</u>
INVESTMENTS			
Investment with State Board of Administration	\$ 1,014,877.96	\$ 42,446,362.45	\$ (41,431,484.49)
Investments with State Treasurer, Special Purpose Investment Account	81,451,177.21	92,942,319.46	(11,491,142.25)
Endowment Investments	109,196,242.00	100,504,353.00	8,691,889.00
Other Investments	69,308,130.00	-	69,308,130.00
Investment with State Board of Education	248,524.35	270,089.66	(21,565.31)
TOTAL INVESTMENTS	<u><u>\$ 261,218,951.52</u></u>	<u><u>\$ 236,163,124.57</u></u>	<u><u>\$ 25,055,826.95</u></u>

Miami Dade College
LONG-TERM DEBT COMPARISON
For the Fiscal Year Ended June 30, 2004 and 2003

	<u>2003-2004</u>	<u>2002-2003</u>	2003-2004 Over / (Under) <u>2002-2003</u>
LONG-TERM DEBT			
Bonds Payable	\$ 10,160,000.00	\$ 10,990,000.00	\$ (830,000.00)
Compensated Absences Payable	29,391,065.00	28,419,698.00	971,367.00
TOTAL LONG-TERM DEBT	<u><u>\$ 39,551,065.00</u></u>	<u><u>\$ 39,409,698.00</u></u>	<u><u>\$ 141,367.00</u></u>

Miami Dade College
COMBINED INCOME STATEMENT (SRECNA) – BY FUND
For the Fiscal Year Ended June 30, 2004

	<u>Current Fund</u> <u>Unrestricted</u>	<u>Current Fund</u> <u>Restricted</u>	<u>Auxiliary Fund</u>	<u>Loan Funds</u>	<u>Endowment</u> <u>Funds</u>
REVENUE					
Operating Revenues					
Student Tuition and fees	\$ 95,501,775.58	\$6,199,924.06	\$ 399,334.71		
Federal grants and contracts		14,448,256.62	251,418.60	(14,846.62)	
State and Local grants and Contracts	2,229,573.00	2,760,302.30	83,477.16		
Nongovernmental grants and Contracts - incl. Private Support	471,852.95	247,319.40			
Sales and services of educational departments	316,136.63	1,006.60	187,903.94		
Transfers In	10,216,242.98	16,667.00		80,361.00	
Auxiliary Enterprises: (all auxiliary account)			2,992,217.72		
Other Operating Revenues	965,578.79	835,866.44	1,447,840.35	1,118,254.99	
Total Operating Revenues	<u>109,701,159.93</u>	<u>24,509,342.42</u>	<u>5,362,192.48</u>	<u>1,183,769.37</u>	<u>-</u>
EXPENSES					
Operating Expenses					
Salaries	157,967,273.33	14,379,334.19	1,263,607.01	139,920.94	
Benefits	30,675,519.39	1,971,972.26	219,397.75	40,894.93	
Scholarships and Waivers	1,714,026.52	4,337,924.42	35,999.96	170,402.90	
Utilities and Communications	8,690,708.27	15,393.13			
Contractual Services	6,835,395.64	3,010,404.97	680,339.81	381,521.92	9,000.00
Other Services and Expenses	24,096,852.45	3,452,125.55	344,473.02	1,440,406.93	
Material and Supplies	10,486,336.53	3,086,595.87	301,932.66		
Transfers Out	10,071,903.81		3,818,469.42		9,500,000.00
Depreciation					
Total Operating Expenses	<u>250,538,015.94</u>	<u>30,253,750.39</u>	<u>6,664,219.63</u>	<u>2,173,147.62</u>	<u>9,509,000.00</u>
Operating Income (Loss)	<u>(140,836,856.01)</u>	<u>(5,744,407.97)</u>	<u>(1,302,027.15)</u>	<u>(989,378.25)</u>	<u>(9,509,000.00)</u>
NONOPERATING REVENUES (EXPENSES)					
State Appropriations	139,509,738.00				
Investment Income	778,125.13	202,892.62	208,962.89	565,710.91	4,188,049.73
Interest Expense on Capital Asset-related debt					
Other Non Operating Gifts and Grants	20,000.00	5,338,174.59			
Other Non Operating Revenue	53,598.23				
Gains/Loss on Sales of Assets					
Net Nonoperating Revenues	<u>140,361,461.36</u>	<u>5,541,067.21</u>	<u>208,962.89</u>	<u>565,710.91</u>	<u>4,188,049.73</u>
Income before Other Revenues, Expenses, Gains/Losses	(475,394.65)	(203,340.76)	(1,093,064.26)	(423,667.34)	(5,320,950.27)
Capital Appropriations	36,768.00				
Capital Grants, Gifts and Fees					
Additions to Permanent Endowments					14,005,869.93
Total Other Revenues	<u>36,768.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,005,869.93</u>
Increases in Net Assets	<u>\$ (438,626.65)</u>	<u>\$(203,340.76)</u>	<u>\$(1,093,064.26)</u>	<u>\$(423,667.34)</u>	<u>\$ 8,684,919.66</u>
NET ASSETS					
Net Assets - Beginning	14,883,868.59	12,964,276.72	12,286,759.73	12,534,856.18	100,631,750.36
Adj-Beginning Net Asset					
Adjusted Net Assets - Beginning of Year	<u>14,883,868.59</u>	<u>12,964,276.72</u>	<u>12,286,759.73</u>	<u>12,534,856.18</u>	<u>100,631,750.36</u>
Net Assets - End of Year	<u>\$ 14,445,241.94</u>	<u>\$12,760,935.96</u>	<u>\$11,193,695.47</u>	<u>\$12,111,188.84</u>	<u>\$109,316,670.02</u>

NOTES:

A	Represents scholarship funds received by the College and used to cover Student Fees.
B	Represents interfund transfers.
C	Represents interdepartmental sales from Auxiliary Operations.

Miami Dade College
COMBINED INCOME STATEMENT (SRECNA) – BY FUND
For the Fiscal Year Ended June 30, 2004

Scholarship Funds	Agency Funds	Unexpended Plant Funds	Retirement of Indebtedness Funds	Investment in Plant Funds	Eliminating Entries	2003-2004	2002-2003
\$ 3,491,543.37					A \$(47,574,210.62)	\$ 58,018,367.10	\$ 55,885,460.24
1,003,433.15		2,000,000.00				15,688,261.75	14,762,790.03
						7,073,352.46	6,557,481.41
2,825,000.00						3,544,172.35	4,349,945.46
						505,047.17	194,566.43
474,875.81		12,602,226.44			B (23,390,373.23)	-	-
					C (4,682.00)	2,987,535.72	2,646,340.33
83,246.50		(109,557.97)				4,341,229.10	838,033.70
7,878,098.83	-	14,492,668.47	-	-	(70,969,265.85)	92,157,965.65	85,234,617.60
		1,893,880.59				175,644,016.06	168,933,903.21
		444,123.69				33,351,908.02	25,859,900.40
106,679,256.72					A (47,574,210.62)	65,363,399.90	66,181,158.35
		7,020.00				8,713,121.40	7,944,548.51
		279,268.29	1,263.22			11,197,193.85	12,015,763.77
184,253.05		42,343,475.22	830,000.00	(7,169,408.61)	C (4,682.00)	65,517,495.61	31,642,771.71
		2,127,966.59				16,002,831.65	17,219,468.66
					B (23,390,373.23)	-	-
				20,835,058.80		20,835,058.80	17,144,493.37
106,863,509.77	-	47,095,734.38	831,263.22	13,665,650.19	(70,969,265.85)	396,625,025.29	346,942,007.98
(98,985,410.94)	-	(32,603,065.91)	(831,263.22)	(13,665,650.19)		(304,467,059.64)	(261,707,390.38)
		3,962,672.00				143,472,410.00	141,754,175.00
40,669.89		1,071,336.19	2,732.70			7,058,480.06	4,309,972.59
			(537,088.75)			(537,088.75)	(598,966.05)
98,985,216.22						104,343,390.81	100,711,560.03
				(21,928.81)		31,669.42	26,125.21
						-	-
						-	-
99,025,886.11	-	5,034,008.19	(534,356.05)	(21,928.81)	-	254,368,861.54	246,202,866.78
40,475.17	-	(27,569,057.72)	(1,365,619.27)	(13,687,579.00)		(50,098,198.10)	(15,504,523.60)
		34,960,323.04	1,344,053.96			36,341,145.00	11,449,868.00
		6,372,718.57				6,372,718.57	6,643,802.18
						14,005,869.93	5,276,107.62
-	-	41,333,041.61	1,344,053.96	-	-	56,719,733.50	23,369,777.80
\$ 40,475.17	\$ -	\$ 13,763,983.89	\$ (21,565.31)	\$ (13,687,579.00)		6,621,535.40	7,865,254.20
3,418,960.43	-	88,826,827.49	253,114.26	311,116,113.31		556,916,527.07	549,051,272.87
3,418,960.43	-	88,826,827.49	253,114.26	311,116,113.31	-	556,916,527.07	549,051,272.87
\$ 3,459,435.60	\$ -	\$ 102,590,811.38	\$ 231,548.95	\$ 297,428,534.31	\$ -	\$ 563,538,062.47	\$ 556,916,527.07

Miami Dade College
COMBINED BALANCE SHEET (STATEMENT OF NET ASSETS) – BY FUND
As of June 30, 2004

	<u>Current Funds</u> <u>Unrestricted</u>	<u>Current Funds</u> <u>Restricted</u>	<u>Auxiliary Funds</u>	<u>Loan Funds</u>	<u>Endowment</u> <u>Funds</u>	<u>Scholarship</u> <u>Funds</u>
CURRENT ASSETS						
Cash & Cash Equivalents	\$33,849,836.33	\$ 7,409,533.62	\$ 5,585,108.05	\$ 761,034.06		\$3,090,319.90
Other Short term Investments	-					
Accounts Receivable (Net)	646,203.42	81,659.44	38,815.00	12,793.47		
A/R from Other Govt Agencies	1,925,838.52	4,108,230.12	103,599.82			2,657,218.21
A/R from Primary Govt	714,397.25	97,080.75	1,971.22			199,339.27
A/R from Component Units-DSO	1,436,314.52					
Due from Other Funds	11,818,920.21					
Inventories			22,362.73			
Prepaid Expenses	281,463.68		2,007.94			
Deposits - Other	44,490.20					
Notes Receivable, Net				9,583,866.38		
Other Assets						
Total Current Assets	<u>50,717,464.13</u>	<u>11,696,503.93</u>	<u>5,753,864.76</u>	<u>10,357,693.91</u>	<u>-</u>	<u>5,946,877.38</u>
NONCURRENT ASSETS						
Restricted Cash & Cash Equivalents					65,433.89	
Endowment Investments					109,196,242.00	
Notes Receivable				1,207,557.63		
Other Long term Investment	26,958,604.73	5746738.43	5575564.58	634,639.31	54,994.13	2,485,442.77
Land						
Capital Assets, Net (Note 1)						
Other Assets						
Total Noncurrent Assets	<u>26,958,604.73</u>	<u>5,746,738.43</u>	<u>5,575,564.58</u>	<u>1,842,196.94</u>	<u>109,316,670.02</u>	<u>2,485,442.77</u>
TOTAL ASSETS	<u>77,676,068.86</u>	<u>17,443,242.36</u>	<u>11,329,429.34</u>	<u>12,199,890.85</u>	<u>109,316,670.02</u>	<u>8,432,320.15</u>
CURRENT LIABILITIES						
Accounts Payable	5,411,435.82	46,351.76	62,621.32	8,880.16		
Salary & Payroll Taxes Payable	26,375,521.39					
Retainage Payable						
Payable to Other Gov't Agencies						677,537.91
Payable to Primary Gov't	226,254.65					
Payable to Component Unit						
Deferred Revenue	1,821,549.85	308,600.72				1,509,193.26
Due to Other Funds		4,327,353.92	73,112.55	79,821.85		2,786,153.38
Bonds Payable						
Comp. Absences Payable	11,265,621.60					
Deposits Held in Custody						
Total Current Liabilities	<u>45,100,383.31</u>	<u>4,682,306.40</u>	<u>135,733.87</u>	<u>88,702.01</u>	<u>-</u>	<u>4,972,884.55</u>
NONCURRENT LIABILITIES						
Deposits Held in Custody	5,000.00					
Bonds Payable						
Comp Absences Payable	18,125,443.61					
Total Noncurrent Liabilities	<u>18,130,443.61</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>63,230,826.92</u>	<u>4,682,306.40</u>	<u>135,733.87</u>	<u>88,702.01</u>	<u>-</u>	<u>4,972,884.55</u>
NET ASSETS	<u>\$ 14,445,241.94</u>	<u>\$12,760,935.96</u>	<u>\$11,193,695.47</u>	<u>\$12,111,188.84</u>	<u>\$109,316,670.02</u>	<u>\$3,459,435.60</u>

NOTE: A Represents interfund receivables / payables

Miami Dade College
COMBINED BALANCE SHEET (STATEMENT OF NET ASSETS) – BY FUND
As of June 30, 2004

<u>Agency Funds</u>	<u>Unexpended Plant Funds</u>	<u>Retirement of Indebtedness Funds</u>	<u>Investment In Plant Funds</u>	<u>Eliminating Entries</u>	<u>Total All Funds 2003</u>	<u>Total All Funds 2002</u>
\$ 3,324,957.00	\$ 32,407,969.73	\$ 248,524.35			\$ 86,677,283.04	\$ 120,471,751.41
					-	5,040,993.50
					779,471.33	3,675,755.84
	2,000,000.00				10,794,886.67	8,245,884.16
	48,361,794.13				49,374,582.62	57,154,719.65
					1,436,314.52	1,470,982.24
				A (11,818,920.21)	-	-
					22,362.73	35,611.20
					283,471.62	287,022.70
					44,490.20	44,490.20
					9,583,866.38	6,253,108.50
					-	-
3,324,957.00	82,769,763.86	248,524.35		(11,818,920.21)	158,996,729.11	202,680,319.40
					65,433.89	155,778.14
					109,196,242.00	106,513,901.00
					1,207,557.63	4,841,518.61
901,966.63	26,950,179.36				69,308,129.94	-
			52,993,643.49		52,993,643.49	24,717,427.46
			252,680,355.89		252,680,355.89	292,835,341.81
					-	-
901,966.63	26,950,179.36	-	305,673,999.38	-	485,451,362.84	429,063,967.02
4,226,923.63	109,719,943.22	248,524.35	305,673,999.38	(11,818,920.21)	644,448,091.95	631,744,286.42
					5,568,735.07	2,132,229.19
	39,446.01				26,375,521.39	25,390,104.73
	639,647.89				639,647.89	1,197,126.42
					677,537.91	-
					226,254.65	1,111,623.71
1,800,983.70					1,800,983.70	-
					3,639,343.83	7,486,774.62
	4,552,478.51			(11,818,920.21)	-	-
			875,000.00		875,000.00	780,000.00
					11,265,621.60	11,684,996.60
2,425,939.93					2,425,939.93	2,521,757.06
4,226,923.63	5,231,572.41	-	875,000.00	(11,818,920.21)	53,494,585.97	52,304,612.33
					5,000.00	5,000.00
	1,897,559.43	16,975.40	7,370,465.07		9,284,999.90	11,059,999.90
					18,125,443.61	19,323,401.32
-	1,897,559.43	16,975.40	7,370,465.07	-	27,415,443.51	30,388,401.22
4,226,923.63	7,129,131.84	16,975.40	8,245,465.07	(11,818,920.21)	80,910,029.48	82,693,013.55
\$ -	\$ 102,590,811.38	\$ 231,548.95	\$ 297,428,534.31	\$ -	\$ 563,538,062.47	\$ 549,051,272.87

Miami Dade College
CONSOLIDATED INCOME STATEMENT (SRECNA)
For the Fiscal Year Ended June 30, 2004

REVENUES

Operating Revenues	
Student tuition and fees (net of scholarship allowances of <u>\$47,574,210.62</u>)	\$ 58,018,367.10
Federal grants and contracts	15,688,261.75
State and local grants and contracts	7,073,352.46
Nongovernmental grants and contracts - including Private support	3,544,172.35
Sales and services of educational departments	505,047.17
Auxiliary enterprises: (All auxiliary account)	2,987,535.72
Other operating revenues	<u>4,341,229.10</u>
Total Operating Revenues	<u>92,157,965.65</u>

EXPENSES

Operating Expenses	
Salaries	175,644,016.06
Benefits	33,351,908.02
Scholarships and Waivers	65,363,399.90
Utilities and Communications	8,713,121.40
Contractual Services	11,197,193.85
Other Services & Expenses	65,517,495.61
Materials and Supplies	16,002,831.65
Depreciation	<u>20,835,058.80</u>
Total Operating Expenses	<u>396,625,025.29</u>
Operating Income (Loss)	(304,467,059.64)

NONOPERATING REVENUES (EXPENSES)

State appropriations	143,472,410.00
Investment income	7,058,480.06
Interest Expense on capital asset-related debt	(537,088.75)
Other Nonoperating Gifts & Grants	104,343,390.81
Other nonoperating revenues	31,669.42
Gain/Loss of Assets	-
Net Nonoperating revenues	<u>254,368,861.54</u>
Income before other revenues, expenses, gains, or losses	(50,098,198.10)
Capital appropriations	36,341,145.00
Capital grants, gifts, and fees	6,372,718.57
Additions to permanent endowments	<u>14,005,869.93</u>
Total Other Revenues	56,719,733.50
Increase in Net Assets	6,621,535.40

NET ASSETS

Net Assets - Beginning of Year	556,916,527.07
Adjustment - Beginning Fund Balance	-
Adjustment - Accumulated Depreciation Prior to 7/1 & Adjustment	-
Adjusted Net Assets - Beginning of Year	<u>556,916,527.07</u>
Net Assets - End of Year	<u>\$ 563,538,062.47</u>

Miami Dade College
COMBINED BALANCE SHEET OF NET ASSETS
As of June 30, 2004

CURRENT ASSETS	
Cash & Cash Equivalents	\$ 86,677,283.04
Other Short Term Investments	-
Accounts Receivable, net	779,471.33
A/R from Other Govt Agencies	10,794,886.67
A/R from Primary Govt	49,374,582.62
A/R from Component Units-DSO	1,436,314.52
Inventories	22,362.73
Prepaid Expenses	283,471.62
Deposits - Other	44,490.20
Notes Receivable, net	<u>9,583,866.38</u>
Total Current Assets	<u>158,996,729.11</u>
NONCURRENT ASSETS	
Restricted Cash & Cash Equivalents	65,433.89
Other Investments	69,308,129.94
Endowment Investments	109,196,242.00
Notes Receivable	1,207,557.63
Nondepreciable Capital Assets	64,689,771.95
Depreciable Capital Assets, Net (Note 1)	<u>240,984,227.43</u>
Total Noncurrent Assets	<u>485,451,362.84</u>
TOTAL ASSETS	<u>644,448,091.95</u>
CURRENT LIABILITIES	
Accounts Payable	5,568,735.07
Salary & Payroll Taxes Payable	26,375,521.39
Retainage Payable	639,647.89
Payable to Other Governmental Agencies	677,537.91
Payable to Primary Gov't	226,254.65
Payable to Component Unit	1,800,983.70
Deferred Revenue	3,639,343.83
Bonds Payable	875,000.00
Comp. Absences Payable	11,265,621.60
Deposits Held in Custody	<u>2,425,939.93</u>
Total Current Liabilities	<u>53,494,585.97</u>
NONCURRENT LIABILITIES	
Deposits Held in Custody	5,000.00
Special Termination Benefits	-
Bonds Payable	9,284,999.90
Loans Payable	-
Notes Payable	-
Installment Lease Purchase Payable	-
Capital Leases Payable	-
Comp Absences Payable	18,125,443.61
Interest Payable	<u>-</u>
Total Noncurrent Liabilities	<u>27,415,443.51</u>
TOTAL LIABILITIES	<u>80,910,029.48</u>
NET ASSETS	
Invested in Capital Assets	297,428,534.31
Nonexpendable	
Endowment	109,316,670.02
Expendable	
Grants and Other	12,760,935.96
Loans	12,111,188.84
Scholarships	3,459,435.60
Capital Projects	102,590,811.38
Debt service	231,548.95
Unrestricted	<u>25,638,937.41</u>
Total Net Assets	<u>563,538,062.47</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 644,448,091.95</u>

Miami Dade College
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Period Ended June 30, 2004

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and fees	\$ 62,152,683.46
Grants and Contracts	19,607,456.59
Payments to suppliers for goods and services	(195,572,430.14)
Payments to employees	(173,644,352.41)
Loans issued to students and employees	(13,584,616.00)
Collection of loans to students and employees	13,416,024.10
Auxiliary services	2,987,535.72
Sales and service of educational	505,047.17
Other Receipts (payments)	<u>5,015,394.22</u>
Net cash provided (used) by operating activities	<u>(279,117,257.29)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State appropriations	143,472,410.00
Gifts and grants received for other than capital or endowment purposes	104,343,390.81
Private gifts for endowment purposes	2,438,907.69
PLUS Loans	-
Split-interest transactions	-
Student organization agency transactions	<u>-</u>
Net Cash provided (used) by noncapital financing activities	<u>250,254,708.50</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital appropriations	25,840,951.96
Capital grants and gifts received	6,372,718.57
Proceeds from sale of capital assets	53,598.23
Purchases of capital assets	(7,308,913.31)
Principal paid on capital debt and lease	(830,000.00)
Interest paid on capital debt and lease	(537,088.75)
Deposit with trustee	<u>-</u>
Net Cash provided (used) by capital and related financing activities	<u>23,591,266.70</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sales and maturities of investments	2,875,073.24
Interest on investments	8,244,171.75
Purchase of investments	<u>(70,490,204.81)</u>
Net Cash provided (used) by investing activities	<u>(59,370,959.82)</u>

Net Increase in cash	(64,642,241.91)
Cash---beginning of year	<u>151,384,958.84</u>

CASH - END OF YEAR **\$ 86,742,716.93**

**RECONCILIATION OF NET OPERATING REVENUES (EXPENSES)
TO NET CASH PROVIDED (Used) BY OPERATING ACTIVITIES**

Operating Income/(Loss)	\$ (304,467,059.64)
Adjustments to reconcile net operating income (expenses) to net cash provided (Used) by operating activities:	
Depreciation expense	20,835,058.80
Prior Year Corrections	
Changes in assets and liabilities	
Receivables, net	1,926,522.70
Inventories	9,658.02
Other assets	3,530.08
Accounts Payable	6,269,696.33
Deferred Revenue	(4,490,536.31)
Deposits held for others	(6,902.87)
Compensated absences	971,367.50
Loans to students and employees	<u>(168,591.90)</u>
Net Cash provided (used) by operating activities:	<u>\$ (279,117,257.29)</u>

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity. The governing body of the 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 Division of Community Colleges, and is governed by law and rules of the State Board of Education. 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 law and State Board of Education rules. Geographic boundaries of the District correspond with those of Miami-Dade County.

Component Unit. Criteria for defining the reporting entity are identified and described in the Governmental Accounting Standards Board's (GASB) *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 on the application of these criteria, Miami Dade College Foundation, Inc. is included within the District Board of Trustees' reporting entity as a discretely presented component unit.

The College's component unit is audited by other auditors, pursuant to Section 1004.70(6), Florida Statutes. The audited financial statements of the organization are available to the public at the College.

The College's component unit, Miami Dade College Foundation, Inc., as described above, is also a direct-support organization, as defined in Section 1004.70, Florida Statutes, which is legally separate from the College, but is financially accountable to the College. This legally separate entity is managed independently, outside the College's budgeting process, and its powers generally are vested in a governing Board pursuant to various State statutes. This entity receives, holds, invests, and administers property and makes expenditures to or for the benefit of the College.

Basis of Presentation. The College's accounting policies conform with accounting principles generally accepted in the United States of America applicable to 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 the option of reporting as a special-purpose government either engaged in only business-type activities, engaged in only governmental activities, or engaged in both governmental and business-type activities. In consultation with the Division of Community Colleges and the College Business Officers, the College elected to report as an entity engaged in only business-type activities. This election requires the adoption of the accrual basis of accounting and entity-wide reporting including the following components:

- Management's Discussion and Analysis
- Basis Financial Statements:
 - Statement of Net Assets
 - Statement of Revenues, Expenses, and Changes in Net Assets
 - Statement of Cash Flows (presented using the direct method in compliance with GASB Statement No. 9.)
 - Notes to Financial Statements

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 discretely presented component unit uses the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

Interdepartmental transactions of Auxiliary Service Departments have been accounted for as reductions of expenditures and not revenues of those departments.

The College's principal operating activity is instruction. Operating revenues and expenses include all fiscal transactions related to instruction as well as administration, academic support, student services, physical plant operations, and depreciation of capital assets. Nonoperating revenues include State appropriations, investment income and capital funding.

Interest on asset-related debt is considered a nonoperating expense.

The College follows Financial Accounting Standards Board statements and interpretations issued after November 30, 1989, unless those pronouncements conflict with GASB pronouncements.

When both restricted and unrestricted resources are available to fund specific programs, it is the College's policy to first apply the restricted resources to such programs followed by the use of the unrestricted resources.

Student tuition and fees are reported net of scholarship allowances. 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.

Cash and Cash Equivalents. The amount reported as cash and cash equivalents consists of cash on-hand, cash in demand accounts, institutional cash management money market mutual fund, and cash invested with the State Board of Administration and the State Treasury. Cash and cash equivalents and investments that are externally restricted to make debt service payments, maintain sinking or reserve funds, and to purchase or construct capital or other restricted assets are classified as restricted. Banks qualified as public depositories under Florida law hold cash deposits of the College. All such deposits are insured by Federal depository insurance or collateralized with securities held in Florida's multiple financial institution collateral pool required by Chapter 280, Florida Statutes.

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 United States Treasury and Government Agency obligations, commercial paper and other short-term high quality corporate debt securities. Cash placed with the State Board of Administration represents the College's participation in the Local Government Surplus Funds Trust Fund external investment pool authorized by Section 218.415(17), Florida Statutes. The pool operates under investment guidelines established by Section 215.47, Florida Statutes. The pool operates under investment guidelines established by Section 215.47, Florida Statutes. Cash is also placed in an account within the State Treasury consistent Section 218.415, Florida Statutes. The account operates under guidelines established by Sections 215.47 and 17.57, Florida

Statutes. The College's investments in the Local Government Surplus Funds Trust Fund and the State Treasury, both Securities and Exchange Commission Rule 2a7-like external investment pool, are reported at amortized cost, and cannot be classified as to risk category. Endowment Funds moneys may additionally be invested in securities in which the State Board of Administration is authorized to invest retirement funds pursuant to Sections 215.45 and 215.47, Florida Statutes.

Capital Assets. College capital assets consist of land; buildings; other structures and improvements; furniture, machinery, and equipment; and construction in progress, and are stated at historical cost or estimated fair value at date of acquisition in the case of gifts and surplus property acquired at nominal cost. Interest costs incurred during construction of capital assets are not considered material, and are not capitalized as part of the cost of construction. The College has a capitalization threshold of \$5,000 for tangible personal property and \$25,000 for improvements other than buildings. Depreciation is computed on the straight-line basis over the following estimated useful lives:

- Buildings – 40 Years
- Other Structures and Improvements, Portables – 10 Years
- Furniture and Equipment:
 - Computer Equipment – 3 Years
 - Vehicles, Office Machines, Educational Equipment – 5 Years
 - Furniture – 7 Years

2. INVESTMENTS

Generally accepted accounting principles require that the credit risk of investments be classified into the following three categories:

- Risk Category 1 - Insured or registered, or securities held by the entity or its agent in the entity's name.
- Risk Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the entity's name.
- Risk Category 3 - Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the entity's name.

Certain College investments, such as mutual funds and money market funds, cannot be categorized as to risk category because the College's investments are not evidenced by specific, identifiable investment securities.

State Board of Education Rule 6A-14.0765, Florida Administration Code, authorizes the investment of

College moneys in those investments authorized under Section 218.415, Florida Statutes, which include Securities and Exchange Commission registered money market funds, direct obligations of the United States Treasury, and Federal agencies and instrumentalities. Under the provisions of this Rule, the Board of Trustees is to adopt and adhere to an investment plan as described in Section 215.475, Florida Statutes.

The Board adopted an investment policy (plan) for the management of endowment assets which includes the various elements required by Section 215.475, Florida Statutes, such as the 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 plan 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, while generating an income stream sufficient to support the established spending requirements. The plan also provides that investment managers with different investment styles (strategies) will be used. During the 2003-2004 fiscal year, moneys of the Endowment Funds were invested by ten investment managers.

Other investments and endowment investments are reported at a fair value of \$69,308,130 and \$109,196,242, respectively. The reporting of other investments at fair value resulted in an unrealized loss of \$1,182,075 reported as a decrease to other investments. The reporting of endowment investments at fair value resulted in an unrealized gain of \$11,566,962 reported as an increase to permanent endowments.

Investments at June 30 are shown in the following table:

	Investments			Fair Value
	Risk Category			
	1	2	3	
Common Stock	\$ 65,272,064	\$	\$	\$ 65,272,064
Obligations of United States				
Government Agencies and Instrumentalities	50,490,300			50,490,300
Asset-Backed Securities	10,493,843			10,493,843
Corporate Bonds	26,508,934			26,508,934
Total	<u>\$152,765,141</u>	<u>\$</u>	<u>\$</u>	\$ 152,765,141
Mutual Funds				\$ 18,752,725
Money Market Funds				<u>6,986,506</u>
Total Investments				<u>\$ 178,504,372</u>

3. ACCOUNTS RECEIVABLE

Accounts receivable represent amounts for student fee deferments, various student services provided by the College, uncollected commissions for food service and vending machine sales, unused credit memos, and grant reimbursements due from third parties. These receivables are reported net of a \$1,689,460 allowance for uncollectible accounts.

4. NOTES RECEIVABLE

Notes receivable represent student loans made under the Federal Perkins Loan Program, Federal Nursing Student loan Program, and short-term loan program. Notes

receivable are reported net of a \$3,114,333 allowance for uncollectible notes.

5. 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.

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30 is presented on the following table:

	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:				
Land	\$ 27,310,840	\$ 25,682,803	\$	\$ 52,993,643
Construction in Progress	47,696,994	5,549,332	41,550,197	11,696,129
Total Nondepreciable Capital Assets	\$ 75,007,834	\$ 31,232,135	\$ 41,550,197	\$ 64,689,772
Depreciable Capital Assets:				
Buildings	\$ 372,832,922	\$ 14,006,072	\$	\$ 386,838,994
Other Structures and Improvements	21,460,519			21,460,519
Furniture, Machinery, and Equipment	57,537,532	2,651,399	1,890,446	58,298,485
Total Depreciable Capital Assets	451,830,973	16,657,471	1,890,446	466,597,998
Less Accumulated Depreciation:				
Buildings	136,775,886	15,825,084		152,600,970
Other Structures and Improvements	19,710,181	579,375		20,289,556
Furniture, Machinery, and Equipment	50,161,162	4,430,600	1,868,517	52,723,245
Total Accumulated Depreciation	206,647,229	20,835,059	1,868,517	225,613,771
Total Depreciable Capital Assets, Net	\$ 245,183,744	\$ (4,177,588)	\$ 21,929	\$ 240,984,227

7. SALARIES AND PAYROLL TAXES PAYABLE

Salaries and payroll taxes payable as of June 30, 2004, totaled \$25,113,793. This amount includes \$15,006,566 of salaries and payroll taxes to be paid during the 2004-2005 fiscal year and banked point liability of \$10,107,226. Under the bank point system, faculty members are allowed to bank overload teaching assignments. The instructor may use the banked points to

offset future under loads, provide for additional leave time, or receive payment upon termination.

8. LONG-TERM LIABILITIES

Long-term liabilities of the College include bonds and compensated absences. The long-term liability activity for the year ended June 30 is presented in the following table:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable	\$ 10,990,000	\$ -	\$ 830,000	10,160,000	\$ 875,000
Compensated Absences Payable	28,419,698	11,768,109	10,796,742	29,391,065	11,265,622
Total Long-Term Liabilities	\$ 39,409,698	\$ 11,768,109	\$ 11,626,742	\$ 39,551,065	\$ 12,140,622

Bonds Payable. The State Board of Education issues State Board of Education 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 Retirement of Indebtedness Fund resources, and compliance with reserve requirements. Bonds payable at June 30 are shown in the following table:

<u>Bond Type</u>	<u>Amount Outstanding</u>	<u>Interest Rates (Percent)</u>	<u>Annual Maturity To</u>
State Board of Education			
Capital Outlay Bonds:			
Series 1995-A	65,000	5.28 - 5.30	2005
Series 1996-A	110,000	4.60 - 6.00	2016
Series 1998-A	1,490,000	4.50 - 5.50	2018
Series 1999-A	200,000	4.00 - 4.75	2019
Series 2001-B	720,000	5.25	2007
Series 2002-B	<u>7,575,000</u>	3.38 - 5.38	2015
Total Bonds Payable	<u>\$ 10,160,000</u>		

Annual requirements to amortize all bonded debt outstanding as of June 30 are shown in the following table:

<u>Fiscal Year Ending June 30</u>	<u>State Board of Education Capital Outlay Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 875,000	\$ 494,101	\$ 1,369,101
2006	915,000	449,219	1,364,219
2007	970,000	402,469	1,372,469
2008	770,000	353,769	1,123,769
2009	860,000	326,696	1,186,696
Later Years	<u>5,770,000</u>	<u>1,100,062</u>	<u>6,870,062</u>
Total	<u>\$ 10,160,000</u>	<u>\$ 3,126,316</u>	<u>\$ 13,286,316</u>

Compensated Absences. 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 that is paid in the current fiscal year. Although the College expects the liability to be funded from future appropriations, generally accepted accounting principles do not permit the recording of a receivable in anticipation of future appropriations. Consequently, the recording of a liability for compensated absences, without the corresponding recognition of such future resources, results in a reduction of current year net assets. For the fiscal year ended June 30, 2004, the estimated liability for compensated absences, which includes the employer's share of the Florida Retirement System and FICA contributions, totaled \$29,391,065. Of this amount, \$11,265,622 is considered a current liability as this is expected to be paid in the coming fiscal year, and represents a historical percentage of leave used applied to total accrued leave liability at year end.

9. SCHEDULE OF STATE REVENUE SOURCES

Revenue from State sources for current operations is primarily from the Workforce Development Education Fund and the Community College Program Fund administered by the Florida Board of Education under the provisions of Sections 1011.80 and 1011.84, Florida Statutes, respectively. In accordance with Section 1011.84, Florida Statutes, the Legislature determines each College's apportionment considering the following components: base budget, which includes the State appropriation to the Community College Program Fund in the current year plus the related student matriculation and tuition 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 shall be determined by the Legislature. Student fees in the base budget plus student fee revenues generated by increases in fee rates shall be

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 (PECO) money, to the Board on an annual basis. The Board is authorized to

expend these resources only upon applying for and receiving an encumbrance authorization from the Florida Board of Education.

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

<u>Sources</u>	<u>Amount</u>
Community College Program Fund	\$ 92,918,963
CCPF Workforce Development	30,543,083
Gross Receipts Tax (Public Education Capital Outlay)	33,889,945
Educational Enhancement Trust Fund	15,068,366
Contracts and Grants State	12,254,696
Motor Vehicle License Tax (Capital Outlay & Debt Service)	2,451,200
Performance-Based Incentive Program	979,326
Facilities Enhancement Challenge Grant	3,962,672
Baccalaureate Program	333,334
Interest on Investments	<u>27,022</u>
Total	<u>192,428,607</u>

10. FUNCTIONAL DISTRIBUTION OF EXPENSES

The operating expenses on the statement of revenues, expenses, and changes in net assets are presented in the natural classification. Below are those same expenses presented in functional classifications as recommended by NACUBO. The functional classification 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 academic departments 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 departments consists of instructional program elements, all expenses of the department are reported under the instruction classification. The functional classification of expenses is summarized below:

<u>Functional Classification</u>	<u>Amount</u>
Instruction	\$ 127,793,507
Public Services	2,020,886
Academic Support	88,453,727
Student Services	22,646,624
Institutional Support	52,801,946
Physical Plant Operation and Maintenance	70,455,055
Student Aid	6,590,324
Auxiliary Operations	<u>2,845,750</u>
Total	<u>373,607,819</u>
Depreciation Expenses	20,835,059
Loan Operating Expenses	2,182,148
Other Operating Expenses	<u>-</u>
Total Operating Expenses	<u>\$ 396,625,025</u>

11. STATE RETIREMENT PROGRAMS

Florida Retirement System. Most employees working in regularly established positions of the College are covered by the Florida Retirement System, a State-administered, cost-sharing, multiple-employer, defined benefit retirement plan (Plan). Plan provisions are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code, wherein Plan 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 the Plan. Benefits vest at specified ages or number of years of service depending upon the employee's classification. The Plan also includes an early retirement provision, but imposes a penalty for each year a member retires before the specified retirement age. The Plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments, as well as supplements for certain employees to cover social security benefits lost by virtue of retirement system membership.

A Deferred Retirement Option Program (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 payment while continuing employment with a Florida Retirement System 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 Florida Retirement System Trust Fund and accrue interest.

The Plan's financial statements and other supplemental information are included in the comprehensive annual financial report of the State of Florida, which may be obtained by contacting the State of Florida, Department of Financial Services in Tallahassee, Florida. Also, an annual report on the Plan, which includes its financial statements, required supplemental information, actuarial report, and other relevant information may be obtained from the State of Florida, Division of Retirement in Tallahassee, Florida.

The contribution rates for Plan members are established, and may be amended, by the State of Florida. Contribution rates during the 2003-2004 fiscal year, are presented in the following table:

Class or Plan	Percent of Gross Salary	
	Employee	Employer (A)
Florida Retirement System, Regular	0.00	7.39
Florida Retirement System, Senior Management Service	0.00	9.37
Teachers' 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	9.11
Florida Retirement System, Reemployed Retiree	(B)	(B)

Notes: (A) Employer rates include the post-employment health insurance supplement of 1.11 percent.

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

The College's liability for participation in the Plan 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 to the Plan (including employee contributions) for the fiscal years ended June 30, 2002, June 30, 2003, and June 30, 2004, totaled \$11,168,532, \$7,978,575 and \$9,800,135,

respectively, which were equal to the required contributions for each fiscal year.

12. POSTEMPLOYMENT BENEFITS

Pursuant to Section 112.0801, Florida Statutes, the College pays the cost of health care benefits for retired

former employees. All of the College's employees may become eligible for those benefits if they reach normal retirement age and have their last ten years of service with the College. At June 30, 2004, the College provided benefits to 227 retired former employees and recognized the cost of the benefits as an expense each month as

premiums were paid. For the 2003-2004 fiscal year, premiums totaled \$228,264.

13. **CONSTRUCTION CONTRACT COMMITMENTS**

A summary of major construction contract commitments remaining at June 30 is presented in the following table:

<u>Project</u>	<u>Contract Amount</u>	<u>Completed to Date</u>	<u>Balance Committed</u>
Wolfson Campus			
Educational Technology Center of the Americas General Contractor	4,568,540	4,538,540	30,000
North Campus			
School of Entertainment & Design Technology General Contractor	948,883	853,995	94,888
Kendall Campus			
Computer Center Renovation General Contractor	1,298,000	-	1,298,000
Total	<u>\$ 6,815,423</u>	<u>\$ 5,392,535</u>	<u>\$ 1,422,889</u>

14. **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 through the Florida Community Colleges Risk Management Consortium and commercially purchased insurance.

Consortium. The College participated in the Florida Community Colleges Risk Management Consortium which was created under authority of Section 1001.64(27), Florida Statutes, by the Board of Trustees of the Florida public community colleges for the purpose of joining a cooperative effort to develop, implement, and participate in a coordinated Statewide community college risk management program. The Consortium shall be self-sustaining through member assessments (premiums) and will reinsure through commercial companies for claims in excess of specified amounts. 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.

Other Coverage. Dental, health and hospitalization and other liability insurance coverage are being provided through purchased commercial insurance policies. For dental and health and hospitalization insurance, the Board contributes single coverage for all employees, while the employees pay for dependent coverage through payroll deductions. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

15. **LITIGATION**

The College is involved in several pending and threatened legal actions. The range of potential loss from all such claims and actions, as estimated by the College's attorneys and management, should not materially affect the financial condition of the College.