REPORT NO. 2011-169
MARCH 2011

MIAMI DADE COLLEGE

Financial Audit

For the Fiscal Year Ended
June 30, 2010

STATE OF FLORIDA
AUDITOR GENERAL
DAVID W. MARTIN, CPA

BOARD OF TRUSTEES AND PRESIDENT

Members of the Board of Trustees and President who served during the 2009-10 fiscal year are listed below:

Helen Aguirre Ferré, Chair
Peter W. Roulhac, Vice Chair
Armando J. Bucelo, Jr.
Mikki P. Canton (1)
Robert H. Fernández
Benjamín León, III (1)
Marielena A. Villamil

Dr. Eduardo J. Padrón, President

Note: (1) Board members served beyond the end of their term, May 31, 2010.

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 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; by telephone at (850) 487-9175; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

MIAMI DADE COLLEGE
TABLE OF CONTENTS

	PAGE NO.
EXECUTIVE SUMMARY	i
INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	
Statement of Net Assets	13
Statement of Revenues, Expenses, and Changes in Net Assets	15
Statement of Cash Flows	16
Notes to Financial Statements	18
OTHER REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Funding Progress – Other Postemployment Benefits Plan	36
Notes to Required Supplementary Information	37
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*	38
Internal Control Over Financial Reporting	38
Compliance and Other Matters	39

EXECUTIVE SUMMARY

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:

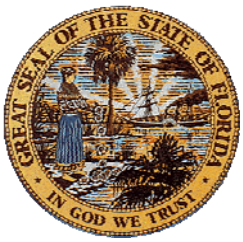
- **Presented the College's basic financial statements in accordance with generally accepted accounting principles;**
- **Established and implemented internal control over financial reporting and compliance with requirements that could have a direct and material effect on the financial statements; and**
- **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, 2010. 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, in both 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. The results of our operational audit of the College are included in our report No. 2011-063.

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.



AUDITOR GENERAL
STATE OF FLORIDA

G74 Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450

DAVID W. MARTIN, CPA
AUDITOR GENERAL

PHONE: 850-488-5534
FAX: 850-488-6975

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, 2010, which collectively comprise the College's basic financial statements as shown on pages 13 through 35. These financial statements are the responsibility of College 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 represents 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, 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, 2010, 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.

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS** on pages 3 through 12 and **OTHER REQUIRED SUPPLEMENTARY INFORMATION** on pages 36 and 37 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Respectfully submitted,

David W. Martin, CPA
March 28, 2011

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, 2010, 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.

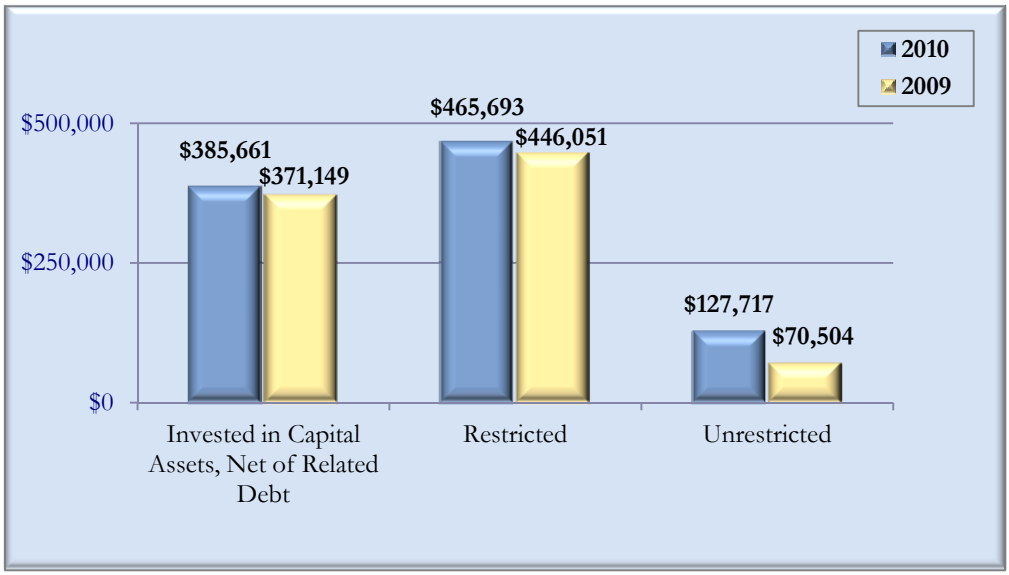
The MD&A contains financial activities of the College for the fiscal years ended June 30, 2010, and June 30, 2009, and its component unit, the Miami Dade College Foundation, Inc., for the fiscal years ended March 31, 2010, and March 31, 2009.

FINANCIAL HIGHLIGHTS

The financial position of the College improved during the fiscal year ended June 30, 2010, as reflected by a $91.4 million, or 10.3 percent, increase in net assets from the 2008-09 fiscal year.

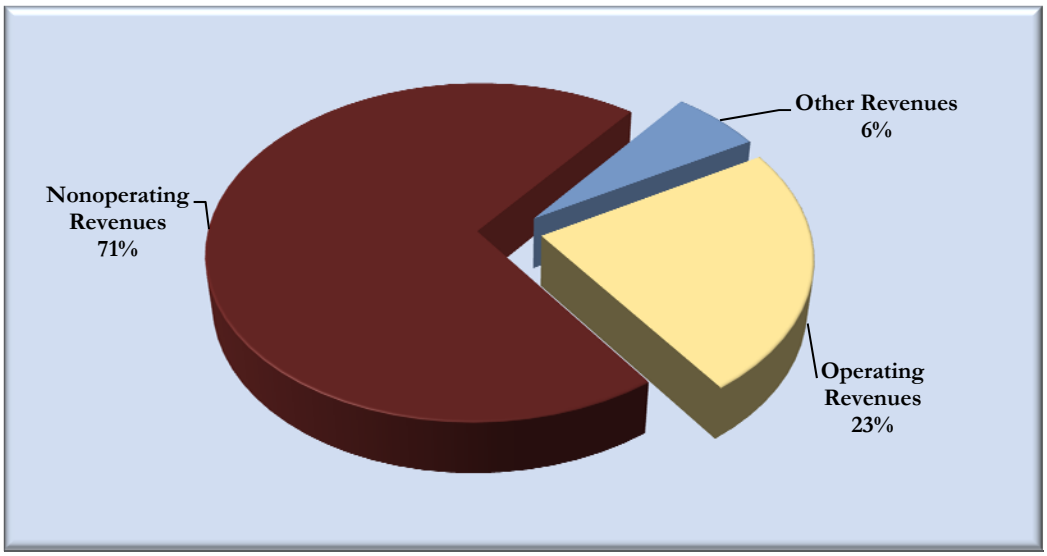
The College's comparative total net assets by category for the fiscal years ended June 30, 2010, and June 30, 2009, are shown in the following graph:

Net Assets: College
(In Thousands)



The following chart provides a graphical presentation of College revenues by category for the 2009-10 fiscal year:

Total Revenues: College



For the fiscal year ended June 30, 2010, College revenue and other support exceeded expenses, creating an increase in net assets of $91.4 million (compared to a $43.2 million increase in the 2008-09 fiscal year). Nonoperating revenues represent 71 percent of total revenues and are primarily 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 fiscal years ended is shown in the following table:

Condensed Statement of Net Assets at
(In Thousands)

	College		Component Unit	
	06-30-10	06-30-09	03-31-10	03-31-09
Assets				
Current Assets	$ 271,821	$ 243,889	$ 10,169	$ 4,618
Capital Assets, Net	391,147	377,877		
Other Noncurrent Assets	406,254	366,013	104,111	87,780
Total Assets	1,069,222	987,779	114,280	92,398
Liabilities				
Current Liabilities	69,887	76,049	9,496	2,144
Noncurrent Liabilities	20,264	24,026		
Total Liabilities	90,151	100,075	9,496	2,144
Net Assets				
Invested in Capital Assets, Net of Related Debt	385,661	371,149		
Restricted	465,693	446,051	99,492	86,134
Unrestricted	127,717	70,504	5,292	4,120
Total Net Assets	$ 979,071	$ 887,704	$ 104,784	$ 90,254
Increase in Net Assets	$ 91,367 10.3%		$ 14,530 16.1%	

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

Condensed Statement of Revenues, Expenses, and Changes in Net Assets
For the Fiscal Years Ended
(In Thousands)

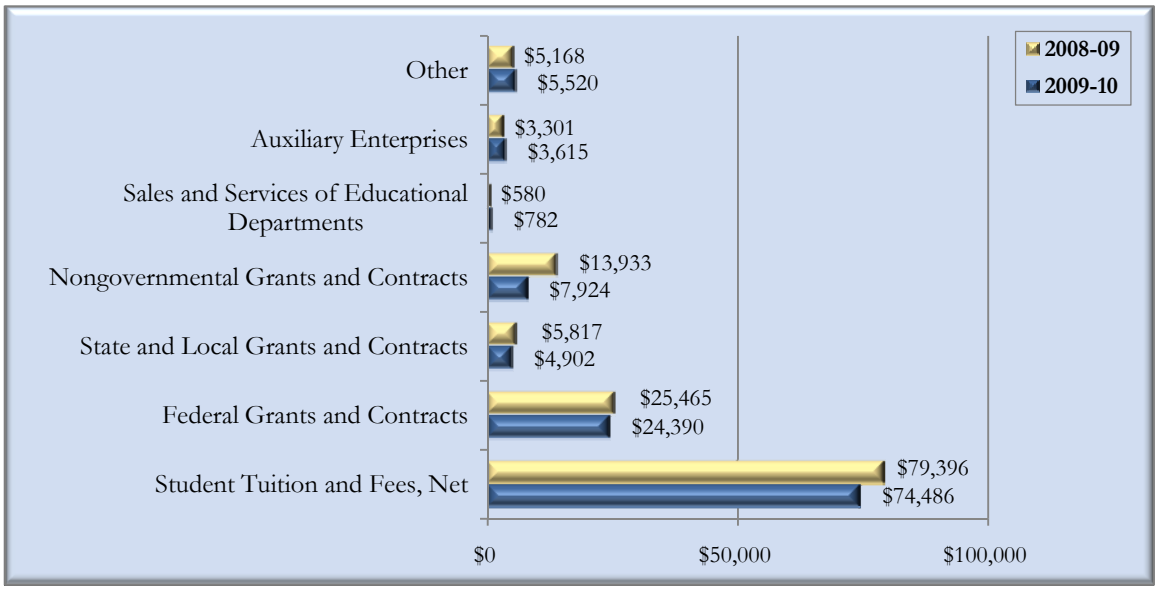
	College		Component Unit	
	06-30-10	06-30-09	03-31-10	03-31-09
Operating Revenues				
Student Tuition and Fees, Net of Scholarship Allowances	$ 74,486	$ 79,396	$	$
Federal Grants and Contracts	24,390	25,465		
State and Local Grants and Contracts	4,902	5,817	367	527
Nongovernmental Grants and Contracts	7,924	13,933		
Sales and Services of Educational Departments	782	580		
Auxiliary Enterprises	3,615	3,301		
Other Operating Revenues	5,520	5,168	7,857	17,846
Total Operating Revenues	121,619	133,660	8,224	18,373
Less, Operating Expenses	427,971	416,732	14,454	16,204
Operating Income (Loss)	(306,352)	(283,072)	(6,230)	2,169
Nonoperating Revenues (Expenses)				
State Appropriations	155,684	170,116		
Other Nonoperating Revenues	210,634	113,618	20,760	
Nonoperating Expenses	(333)	(27,515)		(24,146)
Net Nonoperating Revenues (Expenses)	365,985	256,219	20,760	(24,146)
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	59,633	(26,853)	14,530	(21,977)
Capital Appropriations	17,861	47,434		
Capital Grants, Contracts, Gifts, and Fees	13,873	21,782		
Additions to Endowments		808		
Increase (Decrease) in Net Assets	91,367	43,171	14,530	(21,977)
Net Assets, Beginning of Year	887,704	844,533	90,254	112,231
Net Assets, End of Year	$ 979,071	$887,704	$104,784	$ 90,254

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 2009-10 and 2008-09 fiscal years:

Operating Revenues: College
(In Thousands)



Operating revenues of the College decreased by $12 million, or 9 percent, compared to the 2008-09 fiscal year as a result of the following factors:

- Student tuition and fee revenue, net of scholarship allowances, decreased by $4.9 million, or 6.2 percent. The decrease is due to the net effect of an increase in student tuition and fee revenues of $16.4 million and an increase in scholarship allowance of $21.3 million.
- Operating revenues from Federal, State, and local governments decreased by $2 million, or 6.4 percent, primarily due to a decrease in grants and contracts from Federal, State, and local sources versus the 2008-09 fiscal year.
- Revenues from nongovernmental grants and contracts decreased by $6 million, or 43.1 percent, due to decreases in private contracts and grants.
- Revenues from sales and services of educational departments, auxiliary enterprises, and other operating revenues remained materially unchanged compared to the 2008-09 fiscal year.

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.

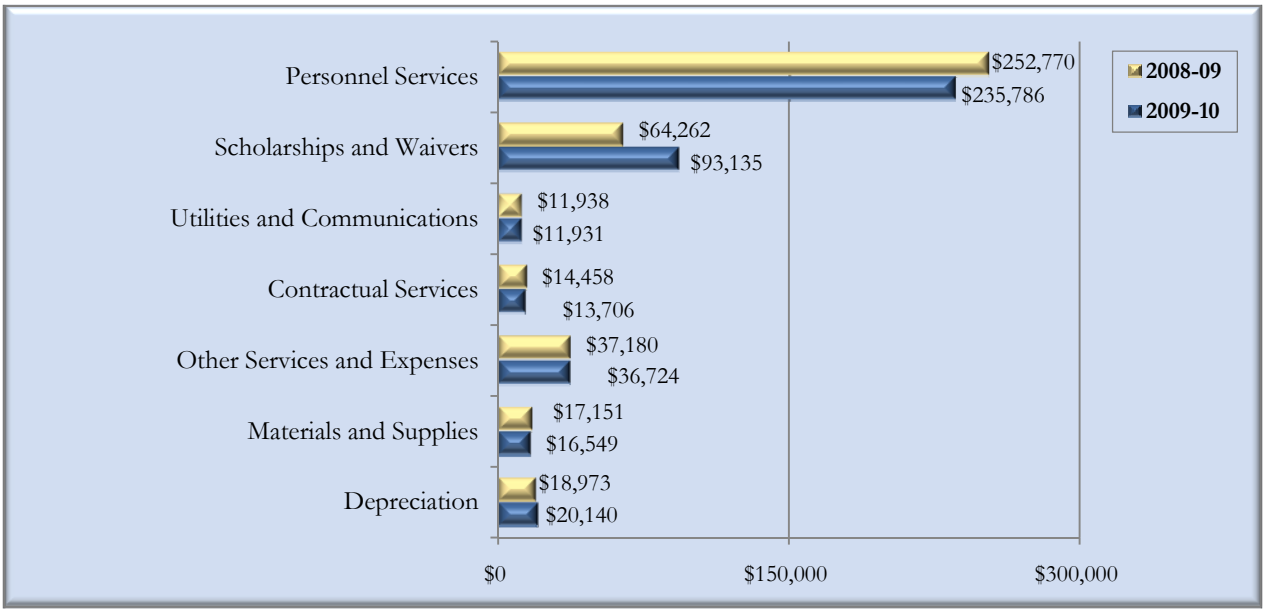
Operating expenses for the College and its component unit for the respective fiscal years are presented in the following table:

Operating Expenses
(In Thousands)

	College		Component Unit	
	06-30-10	06-30-09	03-31-10	03-31-09
Operating Expenses				
Personnel Services	$ 235,786	$ 252,770	$ 1,943	$ 2,579
Scholarships and Waivers	93,135	64,262	9,075	9,588
Utilities and Communications	11,931	11,938		
Contractual Services	13,706	14,458		
Other Services and Expenses	36,724	37,180	3,436	4,037
Materials and Supplies	16,549	17,151		
Depreciation	20,140	18,973		
Total Operating Expenses	$ 427,971	$ 416,732	$ 14,454	$ 16,204

The following chart presents the College's operating expenses for the 2009-10 and 2008-09 fiscal years:

Operating Expenses: College
(In Thousands)



Operating expenses of the College increased by $11.2 million, or 2.7 percent, compared to the 2008-09 fiscal year as a result of the following factors:

- Personnel services expenditures decreased by $17 million, or 6.7 percent, due primarily to a reduction in the workforce.
- Scholarships and waivers increased by $28.9 million, or 44.9 percent, primarily due to an increase in Federal Pell Grant awards reported by the College.
- Utilities and communications expenses remained materially unchanged compared to the 2008-09 fiscal year.
- Contractual services and other services and expenses, in combination, decreased by $1.2 million, or 2.3 percent, mainly attributable to the College's cost containment initiatives.
- Materials and supplies expenses decreased by $0.6 million, or 3.5 percent. This decrease is mainly attributable to the College's cost containment initiatives.
- Depreciation expense increased by $1.2 million, or 6.2 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 2009-10 and 2008-09 fiscal years:

Nonoperating Revenues (Expenses): College
(In Thousands)

	2009-10	2008-09
State Appropriations	$ 155,684	$ 170,116
Gifts and Grants	174,084	105,522
Investment Income	12,922	8,088
Net Realized and Unrealized Gain (Loss)	23,592	(27,150)
Other Nonoperating Revenues	36	8
Loss on Disposal of Capital Assets	(13)	
Interest on Capital Asset-Related Debt	(320)	(365)
Net Nonoperating Revenues	$ 365,985	$ 256,219

Net nonoperating revenues increased by $109.8 million compared to the 2008-09 fiscal year. State appropriations decreased by $14.4 million, primarily due to a decrease in College Program Fund revenues; gifts and grants increased by $68.6 million, primarily as a result of increases in Federal Pell Grant and the American Recovery and Reinvestment Act revenues; and investment income and net realized and unrealized gains increased by $4.8 million and $50.7 million, respectively, primarily as a result of an increase in the fair market value of investments.

Other Revenues, Expenses, Gains, or Losses

This category is 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 2009-10 and 2008-09 fiscal years:

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

	2009-10	2008-09
Capital Appropriations	$ 17,861	$ 47,434
Capital Grants, Contracts, Gifts, and Fees	13,873	21,782
Additions to Endowments		808
Total	$ 31,734	$ 70,024

Other revenues, expenses, gains, or losses decreased by $38.3 million, or 54.7 percent, compared to the 2008-09 fiscal year, primarily as a result of the following factors:

- Capital appropriations decreased by $29.6 million, or 62.3 percent, as a result of a decrease in State funding in support of capital projects.
- Capital grants, contracts, gifts, and fees decreased by $7.9 million, or 36.3 percent, primarily as a result of no private capital donations to the College compared to the 2008-09 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 2009-10 and 2008-09 fiscal years is presented in the following table:

Condensed Statement of Cash Flows: College
(In Thousands)

	2009-10	2008-09	Change
Cash Provided (Used) by:			
Operating Activities	$(296,676)	$(258,093)	$(38,583)
Noncapital Financing Activities	329,768	276,435	53,333
Capital and Related Financing Activities	13,023	16,973	(3,950)
Investing Activities	18,853	(7,866)	26,719
Net Increase in Cash and Cash Equivalents	64,968	27,449	37,519
Cash and Cash Equivalents, Beginning of Year	234,763	207,314	27,449
Cash and Cash Equivalents, End of Year	$ 299,731	$ 234,763	$ 64,968

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 2009-10 fiscal year, cash and cash equivalents increased by $65 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 $296.7 million. Included in the calculation of this total are payments for employee salaries and benefits of $197.3 million and $43.9 million, respectively, payments for scholarships of $93.1 million, and payments to suppliers of $67.6 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 $70.8 million and $35.5 million, respectively. Cash used by operating activities increased by $38.6 million. This increase in cash used was primarily the result of an increase in cash payments for scholarships of $28.9 million, an increase in cash payments for loans issued to students of $13.3 million, a decrease in cash provided for grants and contracts of $9.9 million, and a decrease in cash provided for tuition and fees of $9.1 million, which were offset by an increase in cash received of $13.1 million from the collection of loans made to students, a decrease in cash payments to employees of $5.2 million, an increase in cash received of $2.3 million from other receipts, and a decrease in cash payments for employee benefits of $1.6 million.

The net cash provided by noncapital financing activities was $329.8 million. This amount included State appropriations in the amount of $155.7 million and gifts and grants received for other than capital or endowment purposes (which include Federal Pell Grant and American Recovery and Reinvestment Act revenues) in the amount of $174.1 million. Cash provided from noncapital financing activities increased by $53.3 million. This increase in cash provided was primarily the result of a $68.6 million increase from the receipt of Federal Pell Grant funds and American Recovery and Reinvestment Act revenues, which was offset by a decrease in State appropriations of $14.4 million.

The net cash provided by capital and related financing activities was $13 million. Included in the calculation of this total are purchases of capital assets in the amount of $34 million and the receipt of capital appropriations totaling $34.7 million. The purchases of capital assets primarily reflect construction and acquisition of facilities and equipment

made during the 2009-10 fiscal year. These are the primary outflows and inflows of capital and related financing activities, respectively. Cash provided by capital and related financing activities decreased by $4 million. This decrease in cash provided was primarily due to an increase of $4.5 million in capital grants and gifts, which was offset by an increase in cash used of $1.5 million for the purchase of capital assets and a decrease in cash received of $6.7 million from capital appropriations.

The net cash provided by investing activities was $18.9 million, which represents a $26.7 million increase from the prior fiscal year. This increase was the result of increases in cash received from investment earnings of $10.1 million, and proceeds from sales and maturities of investments of $16.6 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

At June 30, 2010, the College had $714.6 million in capital assets, less accumulated depreciation of $323.5 million, for net capital assets of $391.1 million. Depreciation charges for the current fiscal year totaled $20.1 million, and disposal of capital assets totaled $4.2 million. The following table summarizes the College's capital assets at June 30:

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

Capital Assets	2010	2009
Land	$ 80,620	$ 74,923
Construction in Progress	19,546	39,490
Buildings	527,866	484,535
Other Structures and Improvements	26,257	26,106
Furniture, Machinery, and Equipment	60,346	60,440
Total	714,635	685,494
Less, Accumulated Depreciation:		
Buildings	246,566	230,161
Other Structures and Improvements	23,441	22,956
Furniture, Machinery, and Equipment	53,481	54,500
Total Accumulated Depreciation	323,488	307,617
Capital Assets, Net	$ 391,147	$ 377,877

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 $5.5 million in long-term debt outstanding versus $6.7 million at the end of the prior fiscal year, a decrease of 18.5 percent. The following table summarizes outstanding long-term debt by type for the fiscal years ended June 30, 2010, and June 30, 2009:

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

	2010	2009
Installment Purchases Payable	$ 592	$ 969
SBE Capital Outlay Bonds Payable	4,895	5,760
Total	$ 5,487	$ 6,729

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. During the 2009-10 fiscal year, the State Board of Education (SBE) issued SBE Capital Outlay Refunding Bonds 2009A to advance refund $155,000 of the callable portions of the College's SBE Capital Outlay Bonds Series 1999A. The College's pro-rate share of net proceeds, totaling $150,000, were placed in an irrevocable trust until the bonds were redeemed. 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 debt 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 tuition and fee rates and interest income are expected to partially offset increased expenditures in the 2010-11 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 E. H. Levering, Senior Vice Provost of Business Affairs and Chief Financial Officer, Miami Dade College, 11011 S.W. 104th Street, Miami, Florida 33176.

BASIC FINANCIAL STATEMENTS

MIAMI DADE COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
STATEMENT OF NET ASSETS
June 30, 2010

	College	Component Unit
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 106,971,212	$ 1,774,582
Restricted Cash and Cash Equivalents	23,823,319	76,620
Cash Collateral Securities Lending	13,838,634	6,025,387
Accounts Receivable, Net	5,951,122	1,743,268
Notes Receivable, Net	4,239,061	
Due from Other Governmental Agencies	116,190,015	
Due from Component Unit/College	547,593	509,156
Inventories	43,574	
Prepaid Expenses	139,321	
Deposits - Other	77,281	
Other Assets		40,725
Total Current Assets	271,821,132	10,169,738
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	168,936,710	
Endowment Investments	68,556,667	104,110,941
Restricted Other Investments	112,477,839	
Other Investments	42,846,570	
Notes Receivable, Net	13,436,174	
Depreciable Capital Assets, Net	290,981,576	
Nondepreciable Capital Assets	100,165,802	
Total Noncurrent Assets	797,401,338	104,110,941
TOTAL ASSETS	$ 1,069,222,470	$ 114,280,679
LIABILITIES		
Current Liabilities:		
Accounts Payable	$ 3,530,138	$ 215,834
Salary and Payroll Taxes Payable	23,769,124	
Retainage Payable	1,459,535	
Due to Other Governmental Agencies	729,993	
Due to Component Unit/College	505,362	3,178,389
Deferred Revenue	3,324,229	
Deposits Held for Others		76,620
Liability for Cash Collateral Securities Lending	13,838,634	6,025,387
Long-Term Liabilities - Current Portion:		
Bonds Payable	925,000	
Installment Purchases Payable	390,849	
Deposits Held for Others	6,663,574	
Compensated Absences Payable	14,750,388	
Total Current Liabilities	69,886,826	9,496,230
Noncurrent Liabilities:		
Bonds Payable	3,970,000	
Installment Purchases Payable	200,807	
Deposits Held for Others	5,000	
Compensated Absences Payable	11,077,642	
Other Postemployment Benefits Payable	5,011,007	
Total Noncurrent Liabilities	20,264,456	
TOTAL LIABILITIES	90,151,282	9,496,230

MIAMI DADE COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
STATEMENT OF NET ASSETS (Continued)
June 30, 2010

	College	Component Unit
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	$ 385,660,723	$
Restricted:		
Nonexpendable:		
Endowment		46,352,171
Expendable:		
Endowment	68,556,667	
Grants and Loans	35,357,808	
Scholarships	5,209,460	53,139,592
Capital Projects	356,449,503	
Debt Service	120,306	
Unrestricted	127,716,721	5,292,686
Total Net Assets	979,071,188	104,784,449
TOTAL LIABILITIES AND NET ASSETS	$ 1,069,222,470	$ 114,280,679

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, 2010

	College	Component Unit
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of $79,147,187	$ 74,485,641	$
Federal Grants and Contracts	24,390,273	
State and Local Grants and Contracts	4,902,423	366,975
Nongovernmental Grants and Contracts	7,923,754	
Sales and Services of Educational Departments	781,717	
Auxiliary Enterprises	3,615,417	
Other Operating Revenues	5,520,222	7,856,816
Total Operating Revenues	121,619,447	8,223,791
EXPENSES		
Operating Expenses:		
Personnel Services	235,785,914	1,943,506
Scholarships and Waivers	93,135,026	9,074,946
Utilities and Communications	11,931,273	
Contractual Services	13,705,963	
Other Services and Expenses	36,724,461	3,435,557
Materials and Supplies	16,548,673	
Depreciation	20,140,243	
Total Operating Expenses	427,971,553	14,454,009
Operating Loss	(306,352,106)	(6,230,218)
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	155,683,741	
Gifts and Grants	174,084,632	
Investment Income	12,921,334	1,611,997
Net Realized and Unrealized Gain on Investments	23,591,956	19,148,320
Other Nonoperating Revenues	36,298	
Loss on Disposal of Capital Assets	(13,014)	
Interest on Capital Asset-Related Debt	(319,878)	
Net Nonoperating Revenues	365,985,069	20,760,317
Income Before Other Revenues, Expenses, Gains, or Losses	59,632,963	14,530,099
Capital Appropriations	17,861,671	
Capital Grants, Contracts, Gifts, and Fees	13,872,838	
Total Other Revenues	31,734,509	
Increase in Net Assets	91,367,472	14,530,099
Net Assets, Beginning of Year	887,703,716	90,254,350
Net Assets, End of Year	$ 979,071,188	$ 104,784,449

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, 2010

	College
CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and Fees, Net	$ 70,845,695
Grants and Contracts	35,476,451
Payments to Suppliers	(67,634,560)
Payments for Utilities and Communications	(11,931,273)
Payments to Employees	(197,282,485)
Payments for Employee Benefits	(43,876,828)
Payments for Scholarships	(93,135,026)
Loans Issued to Students	(33,563,336)
Collection of Loans to Students	32,573,425
Auxiliary Enterprises	3,615,417
Sales and Service of Educational Departments	781,717
Other Receipts	7,454,728
Net Cash Used by Operating Activities	(296,676,075)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Appropriations	155,683,741
Gifts and Grants Received for Other Than Capital or Endowment Purposes	174,084,632
Net Cash Provided by Noncapital Financing Activities	329,768,373
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Appropriations	34,717,214
Capital Grants and Gifts	13,872,838
Purchases of Capital Assets	(34,010,082)
Principal Paid on Capital Debt	(1,236,925)
Interest Paid on Capital Debt	(319,878)
Net Cash Provided by Capital and Related Financing Activities	13,023,167
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	14,891,341
Proceeds from Sales and Maturities of Investments, Net	3,960,887
Net Cash Provided by Investing Activities	18,852,228
Net Increase in Cash and Cash Equivalents	64,967,693
Cash and Cash Equivalents, Beginning of Year	234,763,548
Cash and Cash Equivalents, End of Year	$ 299,731,241

MIAMI DADE COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
STATEMENT OF CASH FLOWS (Continued)
For the Fiscal Year Ended June 30, 2010

	College
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	$ (306,352,106)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	20,140,243
Changes in Assets and Liabilities:	
Accounts Receivable, Net	(1,137,701)
Due from Other Government Agencies	(7,610,167)
Due from Component Unit	2,781,131
Notes Receivable, Net	(989,911)
Inventories	(6,280)
Prepaid Expenses	142,143
Deposits - Other	(12,431)
Accounts Payable	(668,599)
Salaries and Payroll Taxes Payable	(2,569,791)
Due to Other Government Agencies	(190,030)
Due to Component Unit	(1,917)
Deferred Revenue	649,256
Deposits Held for Others	1,798,658
Compensated Absences Payable	(1,938,380)
Other Postemployment Benefits Payable	(710,193)
NET CASH USED BY OPERATING ACTIVITIES	$ (296,676,075)

SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING AND INVESTING ACTIVITIES	
Loss from the disposal of capital assets were recognized on the statement of revenues, expenses, and changes in net assets, but are not cash transactions for the statement of cash flows.	$ (13,014)
Unrealized gains on investments were recognized on the statement of revenues, expenses, and changes in net assets, but are not cash transactions for the statement of cash flows.	$ 21,621,949

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, 2010

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, 2010.

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.

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

MIAMI DADE COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

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 GASB pronouncements and FASB pronouncements issued on or before November 30, 1989, unless FASB pronouncements conflict with GASB pronouncements. Under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting,* the College has the option to elect to apply all pronouncements of FASB issued after November 30, 1989, unless those pronouncements conflict with GASB pronouncements. The College has elected to apply FASB pronouncements issued after November 30, 1989.

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

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, American Recovery and Reinvestment Act funds, investment income, and revenues for capital construction projects. Interest on capital asset-related debt is a nonoperating expense.

MIAMI DADE COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

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 Treasury Special Purpose Investment Account (SPIA) and the State Board of Administration (SBA) Florida PRIME Investment Pool, formerly known as the Local Government Surplus Funds Trust Fund Investment Pool. For 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 SPIA and SBA Florida PRIME investment pool 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.

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, 2010, the College reported as cash equivalents at fair value $270,130,105 of moneys held in the State Treasury SPIA investment pool representing ownership of a share of the pool, not the underlying securities. The SPIA carried a credit rating of Af by Standard & Poor's and had an effective duration of 1.81 years at June 30, 2010. 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.

MIAMI DADE COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

At June 30, 2010, the College reported as cash equivalents at fair value $560,476 of moneys held in the Florida PRIME investment pool administered by the SBA pursuant to Section 218.405, Florida Statutes. The College's investments in the Florida PRIME investment pool, which the SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, as of June 30, 2010, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. The Florida PRIME investment pool 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, 2010. 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 Florida PRIME investment pool to interest rate changes. The investments in the Florida PRIME investment pool 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
  - Vehicles, Office Machines, Educational, Athletic, and Construction and Maintenance Equipment – 5 years
  - Furniture – 7 years

Noncurrent Liabilities. Noncurrent liabilities include bonds payable, installment purchases payable, deposits held for others, compensated absences payable, and other postemployment benefits payable 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 Florida PRIME 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

MIAMI DADE COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

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, while 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 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 2009-10 fiscal year, moneys of the Endowment Fund were invested by 10 investment managers, and other investments were invested by 5 investment managers.

Endowment investments and other investments are reported at fair value of $68,556,667 and $155,324,409, respectively. The reporting of endowment investments at fair value resulted in an unrealized gain of $5,995,133. The reporting of other investments at fair value resulted in an unrealized gain of $7,882,432.

The College's investments at June 30, 2010, are reported at fair value, as follows:

MIAMI DADE COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Investment Type	Amount	
Corporate Bonds and Notes	$ 62,239,184	
Stocks and Other Equity Securities	39,222,614	
Federal Agency Obligations	32,099,318	
Alternative Hedge Funds	27,560,636	(1)
United States Government Obligations	27,507,858	
International Equities	17,526,597	
Money Market Funds	14,750,075	
State Board of Administration Fund B Surplus Funds Trust Fund	2,974,794	
Total College Investments	$ 223,881,076	

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 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, 2010, the College's debt securities totaling $72,837,063, $39,566,632, and $9,442,665, with three different investment managers, had average durations of 3 years, 3.91 years, and 5 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 for other investments states that the weighted-average quality rating of the collective funds invested must maintain a rating of AA or higher. At June 30, 2010, the College had investments with quality ratings by nationally recognized rating agencies (i.e., Standard & Poor's) as follows:

MIAMI DADE COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

	College Investments Quality Ratings			
Investment Type (1)	Fair Value	Aa3	AA-	A
Other Investments:				
Corporate Bonds and Notes	$62,239,184	$20,120,019	$35,003,612	$ 7,115,553
Federal Agency Obligations	9,718,748	1,590,609	7,996,234	131,905
Total	$71,957,932	$21,710,628	$42,999,846	$ 7,247,458

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 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 $27,560,636 in alternative hedge funds, and $17,526,597 in international equities, as well as stocks and other equity securities totaling $14,205 and money market funds totaling $52,324 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.

MIAMI DADE COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

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 102 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, 2010, the College had loaned certain securities, with fair value of $13,456,352 and had received cash collateral of $13,838,634 for the loaned securities. As of June 30, 2010, the College had net investment income of $21,251 for securities lending transactions.

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):		
Stock and Other Equity Securities	$ 1,138,637	$ 1,172,166
For Cash Collateral (Other Investments):		
U.S. Government Obligations	7,182,674	7,379,557
Corporate Bonds	5,040,986	5,190,397
Stock and Other Equity Securities	94,055	96,514
Total	$13,456,352	$ 13,838,634

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, 2010, 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 to 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 Florida PRIME investment pool, 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 Florida PRIME investment pool.

MIAMI DADE COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

At June 30, 2010, the College reported investments at fair value of $2,974,794 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 0.67353149 at June 30, 2010. The weighted-average life (WAL) of Fund B at June 30, 2010, was 8.05 years. A portfolio's WAL is the dollar-weighted average length of time until securities held reach maturity and is based on legal final maturity dates for Fund B as of June 30, 2010. 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 $104,110,941. This includes investments amounting to $45,546,756, 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 ¾ 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, 2010, the College reported quasi-endowment investments of $68.6 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 $2,795,686 allowance for uncollectible accounts.

5. NOTES RECEIVABLE

Notes receivable represent student loans made under the Federal Perkins Loan Program of $14,116,567, the Federal Nursing Student Loan Program of $52,069, a short-term loan program of $5,302,049, and an emergency loan program of $7,332. Notes receivable are reported net of a $1,802,782 allowance for uncollectible notes.

6. DUE FROM OTHER GOVERNMENTAL AGENCIES

This amount primarily consists of $98,918,294 of Public Education Capital Outlay allocations due from the State for construction of College facilities.

MIAMI DADE COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

7. DUE FROM AND TO COMPONENT UNIT/COLLEGE

The $505,362 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 $547,593 due from component unit consists of amounts owed to the College by the Foundation for scholarships, student aid, and grant programs. The College's financial statements are reported for the fiscal year ended June 30, 2010. The College's component unit's financial statements are reported for the fiscal year ended March 31, 2010. 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 units 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, 2010, is shown below:

Description	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:				
Land	$ 74,922,691	$ 5,697,285	$	$ 80,619,976
Construction in Progress	39,490,010	17,660,814	37,604,998	19,545,826
Total Nondepreciable Capital Assets	$114,412,701	$23,358,099	$37,604,998	$100,165,802
Depreciable Capital Assets:				
Buildings	$484,535,170	$43,330,876	$	$527,866,046
Other Structures and Improvements	26,105,504	151,493		26,256,997
Furniture, Machinery, and Equipment	60,439,983	4,187,919	4,281,554	60,346,348
Total Depreciable Capital Assets	571,080,657	47,670,288	4,281,554	614,469,391
Less, Accumulated Depreciation:				
Buildings	230,160,797	16,404,996		246,565,793
Other Structures and Improvements	22,955,618	485,364		23,440,982
Furniture, Machinery, and Equipment	54,499,697	3,249,883	4,268,540	53,481,040
Total Accumulated Depreciation	307,616,112	20,140,243	4,268,540	323,487,815
Total Depreciable Capital Assets, Net	$263,464,545	$27,530,045	$ 13,014	$290,981,576

10. SALARIES AND PAYROLL TAXES PAYABLE

Salary and payroll taxes payable as of June 30, 2010, totaled $23,769,124. This amount includes $11,721,252 of salary and payroll taxes and banked point liability of $12,047,872. 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.

MIAMI DADE COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

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, 2010, the College reported the following amounts as deferred revenue:

Description	Amount
Restricted Grants and Contracts	$ 2,242,804
Student Tuition and Fees	1,081,425
Total Deferred Revenue	$ 3,324,229

12. LONG-TERM LIABILITIES

Long-term liabilities of the College at June 30, 2010, include bonds payable, installment purchases payable, deposits held for others, compensated absences payable, and other postemployment benefits payable. Long-term liabilities activity for the fiscal year ended June 30, 2010, is shown below:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable	$ 5,760,000	$ 150,000	$ 1,015,000	$ 4,895,000	$ 925,000
Installment Purchases Payable	968,581		376,925	591,656	390,849
Deposits Held for Others	4,869,916	1,798,658		6,668,574	6,663,574
Compensated Absences Payable	27,766,410	13,920,381	15,858,761	25,828,030	14,750,388
Other Postemployment Benefits Payable (OPEB)	5,721,200	2,313,376	3,023,569	5,011,007	
Total Long-Term Liabilities	$ 45,086,107	$ 18,182,415	$ 20,274,255	$ 42,994,267	$ 22,729,811

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, 2010:

Bond Type	Amount Outstanding	Interest Rates (Percent)	Annual Maturity To
State Board of Education Capital Outlay Bonds:			
Series 2002B	$ 3,745,000	4.00 - 5.38	2015
Series 2005A	60,000	5	2016
Series 2005B	950,000	5	2018
Series 2009A	140,000	3 - 5	2019
Total	$ 4,895,000		

Annual requirements to amortize all bonded debt outstanding as of June 30, 2010, are as follows:

MIAMI DADE COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Fiscal Year Ending June 30	State Board of Education Capital Outlay Bonds		
	Principal	Interest	Total
2011	$ 925,000	$ 246,369	$ 1,171,369
2012	985,000	197,400	1,182,400
2013	1,075,000	156,900	1,231,900
2014	1,155,000	99,756	1,254,756
2015	265,000	38,200	303,200
2016-2019	490,000	51,250	541,250
Total	$ 4,895,000	$ 789,875	$ 5,684,875

Refunded Debt. On September 10, 2009, the State Board of Education Capital Outlay Refunding Bonds, Series 2009A, dated August 15, 2009, were issued to advance refund $155,000 of the callable portions of the College's State Board of Education Capital Outlay Bonds, Series 1999A, maturing on January 1, 2019. The College's pro rata share of net proceeds totaling $150,000, were placed in an irrevocable trust until the bonds were redeemed on September 24, 2009. As a result of the refunding, the College had a debt service savings of $13,690 and obtained an economic gain of $12,006.

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, 2010, are as follows:

Fiscal Year Ending June 30	Amount
2011	$ 405,881
2012	202,939
Total Minimum Payments	608,820
Less, Amount Representing Interest	17,164
Present Value of Minimum Payments	591,656

Deposits Held for Others. Deposits held for others are mostly funds on deposit in the Agency Fund, which are derived from fund-raising activities of third parties, such as independent councils, student groups, and similar clubs. The funds are expended for purposes consistent with and supportive of the objectives of the third party or its members. As of June 30, 2010, the College reported a total liability of $6,668,574, of which $6,663,574 is considered a current liability as this amount is expected to be used in the coming fiscal year.

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 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, 2010, the estimated liability for

compensated absences, which includes the College's share of the Florida Retirement System and FICA contributions, totaled $25,828,030. The current portion of the compensated absences liability, $14,750,388, 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 follows Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for certain other postemployment benefits administered by the College.

Plan Description. The Other Postemployment Benefits Plan (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 health and hospitalization plan for medical, prescription drug, and vision coverage. 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. Additional plan benefits include life, dental, and legal insurance, and are provided to retirees on a full cost basis, without an implicit subsidy. 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 employees' retirement system or another entity.

Funding Policy. Plan benefits are pursuant to the provisions of Section 112.0801, Florida Statutes, and the Board of Trustees can amend the benefits and contribution rates. 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 2009-10 fiscal year, 218 retirees received other postemployment benefits (i.e., medical, prescription drugs, and vision). While retirees are eligible to participate in additional benefits through the College, these benefits are not subsidized. The College provided required contributions of $3,023,569 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 $1,798,854.

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 GASB Statement No. 45. The ARC represents a level of funding that if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period

MIAMI DADE COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

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:

Description	Amount
Normal Cost (Service Cost for One Year)	$ 1,368,003
Amortization of Unfunded Actuarial Accrued Liability	913,460
Annual Required Contribution	2,281,463
Interest on Net OPEB Obligation	154,472
Adjustment to Annual Required Contribution	(122,559)
Annual OPEB Cost (Expense)	2,313,376
Contribution Toward the OPEB Cost	(3,023,569)
Decrease in Net OPEB Obligation	(710,193)
Net OPEB Obligation, Beginning of Year	5,721,200
Net OPEB Obligation, End of Year	$ 5,011,007

The College's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for each fiscal year from transition through June 30, 2010 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
2009-10	2,313,376	31.78%	5,011,007

Funded Status and Funding Progress. As of January 1, 2010, the most recent valuation date, the actuarial accrued liability for benefits was $25,584,804, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability of $25,584,804 and a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was $121,423,314 for the 2009-10 fiscal year, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 21.07 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.

MIAMI DADE COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

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 OPEB actuarial valuation as of January 1, 2010, used the entry age normal actuarial cost method to estimate the unfunded actuarial liability as of June 30, 2010, and the College's 2009-10 fiscal year ARC. 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 10.5 percent for the 2009-10 fiscal year, and a reduction of between 0.5 and 1 percent per year, to an ultimate rate of 5 percent after seven years. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2010, was 27 years.

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. 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 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.

MIAMI DADE COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

The State of Florida establishes contribution rates for participating employers. Contribution rates during the 2009-10 fiscal year were as follows:

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
Teachers' Retirement System, Plan E	6.25	11.35
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	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 0.05 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, 2008, June 30, 2009, and June 30, 2010, totaled $13,601,429, $13,464,380, and $12,913,677, 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 Management Service 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 506 College participants during the 2009-10 fiscal year. Required contributions made to the PEORP totaled $2,191,072.

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.

MIAMI DADE COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

14. CONSTRUCTION COMMITMENTS

The College's major construction commitments at June 30, 2010, are as follows:

Project Description	Total Committed	Completed to Date	Balance Committed
Wolfson Campus:			
Hospitality Management Center	$ 19,024,116	$ 6,748,198	$ 12,275,918
Student Support Center	2,307,682	495,720	1,811,962
North Campus:			
Aquatic Center	6,122,058	5,228,555	893,503
Total	$ 27,453,856	$ 12,472,473	$ 14,981,383

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 $175 million through February 28, 2010, and up to $150 million starting March 1, 2010. 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 provided through purchased commercial insurance with minimum deductibles for each line of coverage.

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 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

MIAMI DADE COLLEGE
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

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:

Source	Amount
College Program Fund	$136,435,370
Education Enhancement Trust Fund (Lottery)	19,248,371
Gross Receipts Tax (Public Education Capital Outlay)	15,525,671
Florida Student Assistance Grants	11,766,766
Bright Futures Scholarship Program	5,720,083
Restricted Contracts and Grants	2,683,387
Motor Vehicle License Tax (Capital Outlay and Debt Service)	2,336,000
Baccalaureate Programs	1,061,807
Total	$194,777,455

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:

Functional Classification	Amount
Instruction	$142,368,900
Public Services	4,184,158
Academic Support	37,084,825
Student Services	28,647,699
Institutional Support	44,620,978
Operation and Maintenance of Plant	48,860,022
Scholarships and Fellowships	94,408,690
Depreciation	20,140,243
Auxiliary Enterprises	5,523,230
Loan Operating Expenses	2,132,808
Total Operating Expenses	$427,971,553

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

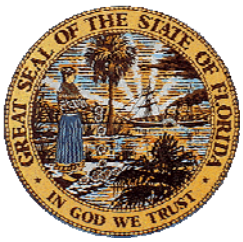
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (1) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
10/1/2007	$	$ 57,036,378	$57,036,378	0%	$ 93,458,005	61.03%
1/1/2010	$	$ 25,584,804	$25,584,804	0%	$121,423,314	21.07%

Note: (1) The College's OPEB actuarial valuation used the entry age cost method to estimate the actuarial accrued liability.

MIAMI DADE COLLEGE
OTHER REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. SCHEDULE OF FUNDING PROGRESS – OTHER POSTEMPLOYMENT BENEFITS PLAN

The January 1, 2010, actuarial accrued liability of $25,584,804 was $31,451,574 lower than the October 1, 2007, liability of $57,036,378. Since the previous valuation, the rates of withdrawal, disability, and mortality have been revised to remain consistent with those used for the Florida Retirement System. The methodology used to develop per capita costs of healthcare, the rates of healthcare inflation used to project the per capita costs, and the rates of participation in the Plan have been revised. Additionally, it has been determined the College has no liability under GASB Statements No. 43 and 45 for the life insurance benefit provided to retirees.



AUDITOR GENERAL
STATE OF FLORIDA

G74 Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450

DAVID W. MARTIN, CPA
AUDITOR GENERAL

PHONE: 850-488-5534
FAX: 850-488-6975

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, 2010, 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 opinion 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

We noted certain matters that we reported to College management in our operational audit report No. 2011-063.

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 28, 2011