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**THE SCHOOL BOARD OF  
MIAMI-DADE COUNTY, FLORIDA**

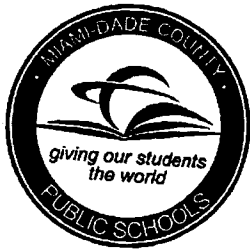


**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
for the  
fiscal year ended June 30, 2008**

**Prepared by:  
Office of the Controller  
Connie Pou, C.P.A.  
Controller**

**MIAMI-DADE COUNTY PUBLIC SCHOOLS  
1450 Northeast Second Avenue  
Miami, Florida 33132**

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THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended June 30, 2008

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# THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended June 30, 2008

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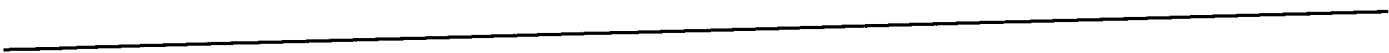
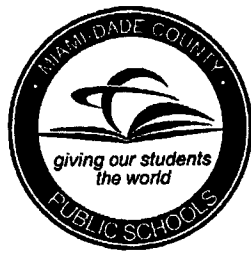
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# I. Introductory Section







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# The School Board of Miami-Dade County, Florida

1450 Northeast Second Avenue  
Miami, Florida 33132



December 10, 2008

Members of the School Board and Citizens of Miami-Dade County:

The Comprehensive Annual Financial Report of The School Board of Miami-Dade County, Florida (the "School Board," the "District," "Miami-Dade County Public Schools" or "M-DCPS") for the fiscal year ended June 30, 2008 is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the School Board. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in sections. The financial section includes the Management's Discussion and Analysis (MD&A), immediately following the independent auditor's report, that provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A compliments this letter of transmittal and should be read in conjunction with it.

The District is the fourth largest school district in the nation. It is responsible for the operation, control, and supervision of all District schools and is considered a primary government for financial reporting purposes. This report includes all funds of the district, the Miami-Dade County School Board Foundation, Inc., and District sponsored charter schools, which are reported discretely as component units, thus all combined comprise the reporting entity. The District provides a full range of educational services appropriate to students in early childhood, grade levels Pre-K through 12, and adult/vocational education programs. These include basic, regular and enriched academic education, special education for handicapped children, vocational education, and many individualized programs, such as special instruction for disadvantaged students and those with limited English proficiency. The District's mission, as a team, is to provide and support the highest quality education for our diverse community of children and adult learners.



Alberto M. Carvalho  
Superintendent of Schools

*"There is no greater demonstration of commitment and fortitude among professionals than what I see each and everyday when I visit classrooms across this school district. Despite the economic uncertainty and fiscal challenges we face, teachers, principals, assistant principals and employees continue to make classroom instruction meaningful and rewarding for our students. As we look to the future we will do so with a focus on academic excellence, business efficiency, and fiscal responsibility."*

Alberto M. Carvalho

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## **ECONOMIC CONDITIONS AND OUTLOOK**

Miami-Dade County is known as the "Gateway to the Americas." Trade is increasingly vital to the economy. Its close proximity to Latin America and the Caribbean make it the center of international trade with those areas. The city's international trade infrastructure is vast and varied. This infrastructure includes the Port of Miami, which is the busiest port for pleasure cruise ships in the world, coupled with the Miami International Airport, which is the nation's top airport for international freight and third for international passengers. Miami's tourism continues to be the principal industry; however, the city's economy has become more diversified. International banking is another growing segment of the economy. Miami has become a major banking and

commerce center in the southeast United States, dominating trade and finance.

Tourism remains a major industry for the area, as well as the state. Its mild climate, miles of beaches and attractions lure vacationers to the Greater Miami area.

Thirty-six municipalities, including the cities of Miami, Miami Beach, Hialeah, and Coral Gables, as well as unincorporated areas, comprise the county of Miami-Dade, which covers approximately 2,000 square miles and is inhabited by over 2.4 million citizens. Miami-Dade County Public Schools remains the area's largest employer and the second in the state, employing over 50,000 full and part-time employees. Full-

time employees numbered approximately 40,000 during 2007-08, including more than 22,000 instructional professionals assisted by over 2,500 teacher aides. The District's annual operating budget for fiscal year 2008-09 is in excess of \$2.8 billion to serve the projected enrollment of 341,000 students, compared to 344,728 during the prior year. Student enrollment has gradually decreased since 2001-02. It is believed that this is the result of a tightening of immigration laws following the September 11<sup>th</sup> tragedy, competition from charter schools, voucher programs, and McKay opportunity scholarships.

## **MAJOR INITIATIVES**

**Record Number of New Student Stations** The District has opened 29 new or replacement schools and created a total of 84,000 student stations in just four years, making significant progress in achieving the District's goal of eradicating overcrowding by 2010. In 2008 alone, 15 new schools providing 27,000 new student stations made their debut. This achievement reaffirms the District's commitment to eliminating overcrowding and building schools that provide students with modern, state-of-the-art facilities.

**Student Achievement – Florida Comprehensive Assessment Test** Miami-Dade County Public Schools (M-DCPS) students continued to make significant gains in student achievement during the 2007-08 school year. Students in all grades performed exceptionally well on the Florida Comprehensive Assessment Test (FCAT), continuing a trend that has been on an upward trajectory for the past several years. Innovative initiatives such as the School Improvement Zone and

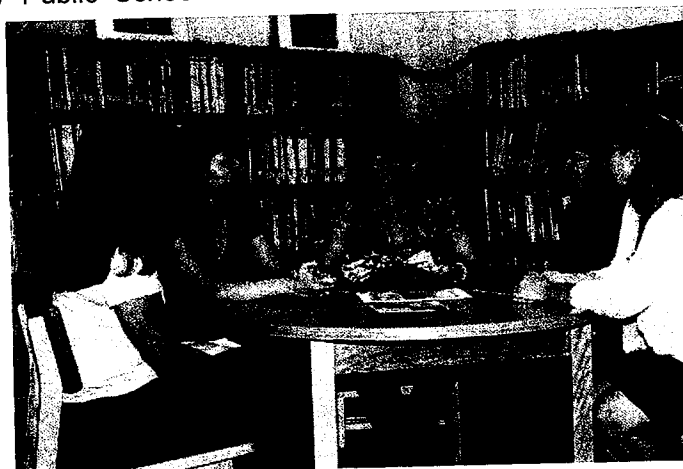
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Secondary School Reform have helped to solidify the District's position as a leader in public education. "I am pleased by the academic progress our students are making - it is a reflection of their focus and their commitment to excellence," said Superintendent of Schools Alberto Carvalho. "I am equally encouraged by the hard work and dedication of our teachers, administrators, parents, and community partners whose support makes it possible for our students to succeed. This has truly been a team approach to lifting student achievement."



As a result of the exceptional performance of students, 89 percent of schools received an "A," "B," or "C" performance grade from the state, reflecting an eight percent increase over the previous year. The majority of M-DCPS students continue to perform at or above the national median in reading and math – an achievement made possible through school and community partnerships, focused and rigorous instruction, skilled and committed teachers, involved and informed parents, and determined and prepared students.

**Adult/Vocational Centers** Miami-Dade County Public Schools Adult & Career Technical Education programs are designed to prepare adult students to enter the career of their choice. With courses offered at 21 main campuses, students receive training in a wide variety of areas, including industrial/technical, health/medical, business/computers, and family and consumer services. In 2008, nearly 52,000 students were enrolled in adult/vocational programs in M-DCPS.

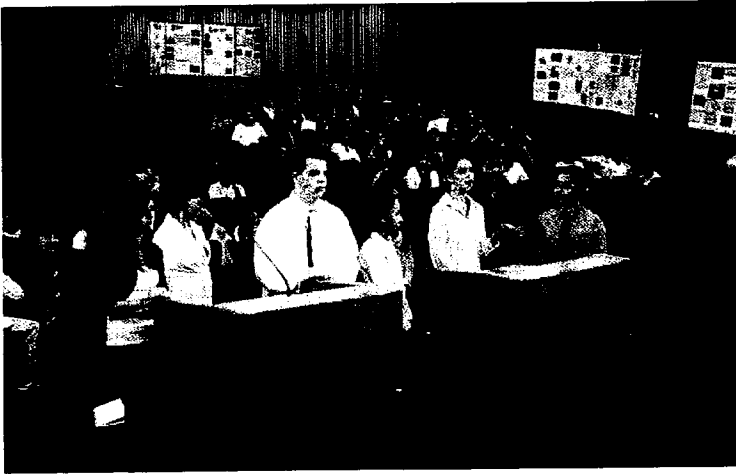


**The Parent Academy** Meaningful parent and family involvement is a powerful predictor of high student achievement. Miami-Dade County Public Schools offers parents a number of outlets for involvement, including The Parent Academy. The Parent Academy is a year-round initiative designed to help parents become full partners in their child's education. Since its inception in 2005, The Parent Academy has provided training to thousands of parents. Over the past three years, the number of parents trained has increased from 19,000 to 55,000 to 92,000.

Training and activities offered through The Parent Academy provide parents the tools and skills to help their children succeed in the classroom and after graduation.

**Secondary School Reform** There is an urgent need across the nation to reform secondary schools, particularly high schools. Education experts agree that a growing percentage of high school students graduate with a diploma but are essentially ill-prepared for the challenges they meet in college and at work. The Miami-Dade County Public Schools Secondary School Reform (SSR) initiative, approved by the School Board in 2005, addresses this critical need. The primary objective of District's Secondary

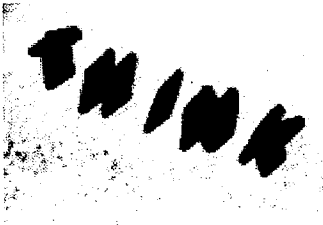
**PROGRAM  
HIGHLIGHTS**



School Reform plan is to increase the number of students graduating ready for college through the implementation of career academies and internships aligned to students' career-path goals. Under the plan, six core principles are the foundation to foster high academic achievement in middle and senior high schools. They include a personalized learning environment, academic engagement for all students, empowered educators, accountable leaders, engaged community and youth, and an integrated system of high standards, curriculum, instruction, assessment and support.

Partnerships have been an essential component to the success of the SSR plan. In an effort to transform high schools, M-DCPS partnered with the National Academy Foundation (NAF) because its research-based, career academy frameworks have proven track records both locally and nationally.

Currently, there are opportunities for high school students to access a career/professional senior experience before graduation. A six-week summer internship program is available for students enrolled in the NAF academies at magnet and/or choice schools. A highly competitive, year-long executive internship program is available for qualifying students. Additionally, students who are enrolled in courses supervised by the Office of Applied Technology engage in job shadowing opportunities, clinical rotations, on-the-job training, and year-long internships and/or apprenticeships. Since summer 2005, more than 5,000 students have been or are currently involved in one of the aforementioned career/professional senior experiences. The specific participation is represented in the chart below.



<b>Existing Programs</b>	<b>Total Students</b>
Summer Magnet Internships	339
Executive Internship Program	609
Job Shadowing, Internships, Clinical Rotations, Apprenticeships	1,273
On-the-Job Training	<u>2,900</u>
Overall Total	5,121

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## **FUTURE OUTLOOK**

The current economic conditions that are adversely affecting the nation resulted in lower state revenues in Florida for the past 18 months. During fiscal year 2007-08 the Florida Legislature met in several special sessions in order to rebalance the state budget. The result was reduced state funding of approximately \$65 million for this District. State funding for education for fiscal year 2008-09 was reduced and the impact to the District was \$73 million. Funding will likely be reduced again to reflect declining state revenues unless the Governor and Legislature agree to use reserves, if available, to mitigate the losses.

The District has reduced appropriations and re-aligned spending in order to balance the budget for fiscal year 2008-09. The appropriations reductions included a downsizing of Central Administration by \$59 million. The District is currently working on service delivery alternatives in an attempt to hold harmless classrooms while coping with anticipated future revenue reductions.

**Long-Term Financial Planning** To achieve the objective of maintaining an effective educational environment and meet Class Size, the District had adopted an aggressive construction program. During fiscal year 2007-08, the financing of the construction program peaked with the sale of \$538.5 million of Certificates of Participation and \$150 million of Revenue Anticipation Notes. Due to projected reductions in capital funding, it is anticipated that future financing will decrease significantly.

**Internal Control Structure** The internal control structure is subject to periodic evaluation by management and the internal audit staff. In accordance with Government Auditing Standards, the independent auditors have issued a report dated November 24, 2008 on their consideration of the District's internal control structure. The purpose of their report is to describe the scope of their testing of internal control and the results of that testing, and not to provide an opinion on internal control. The administration is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled and recorded properly to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by the administration.

The accompanying financial statements demonstrate that even under a period of

## **FINANCIAL INFORMATION**





changing operational conditions, the District continues to achieve a policy of sound financial management.

**Budgetary Controls** The District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the School Board. Activities of the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds and the Fiduciary Funds, except the schools' Internal Fund, are included in the annual appropriated budget. Project-length

financial plans are provided for the Capital Projects Funds, but budgets are adopted for only one year.

Budgetary control is maintained for individual accounts or groups of accounts within each school or department through the use of an encumbrance accounting system. The process uses a test for availability of funds which precludes any requisition for services, equipment, supplies or materials from becoming a purchase order, if the account would be overspent. Encumbrances are reappropriated as part of the following year's budget. The District issues a publicly available Annual Budget Plan for planning purposes and an Executive Summary for adoption by the School Board.

In addition, in order to control salaries effectively, a centralized Position Authorization Control (PAC) system governs salary expenditures, whereby full-time employees are not paid unless they are fully processed and fill a slot in the PAC system that also identifies the account structure to charge.

**Treasury Management** Cash funds of the District are invested in U.S. Treasury Securities, Money Market Mutual Funds, commercial paper, bankers acceptances, obligations of the Federal Farm Credit Bank, the Federal Home Loan Mortgage Corporation, the Federal Home Loan Bank, and the Federal National Mortgage Association. The District also invested funds through the Florida State Board of Administration's (SBA) Local Government Investment Pool. For purposes of maximizing the interest yield on short-term investments, the cash balances of all funds are pooled, except where separate cash and investment accounts are maintained in accordance with legal requirements.



The yield on the District's Pooled Cash investments during this year was 4.67 percent, which compares favorably with average yields for these types of short-term investments during the same period. The Supplemental Early Retirement Plan, with a broader mixture of investment instruments, including corporate bonds and equities, had a yield of -6.16 percent.

The District's investment policy is to minimize credit and market risks while maintaining a reasonable yield on its portfolio. A Treasury Advisory Committee, whose membership includes executives from the private sector,

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meets quarterly to review investment guidelines, investment performance and to make recommendations regarding management of the investment portfolio and other treasury related issues.

Deposits are placed with qualified public depositories and collateralized in accordance with Florida Statutes. Balances of one hundred thousand dollars or less are insured by the Federal Deposit Insurance Corporation (FDIC). All other investments and collateral are held by the District's safekeeping agent or counterpart trust department.

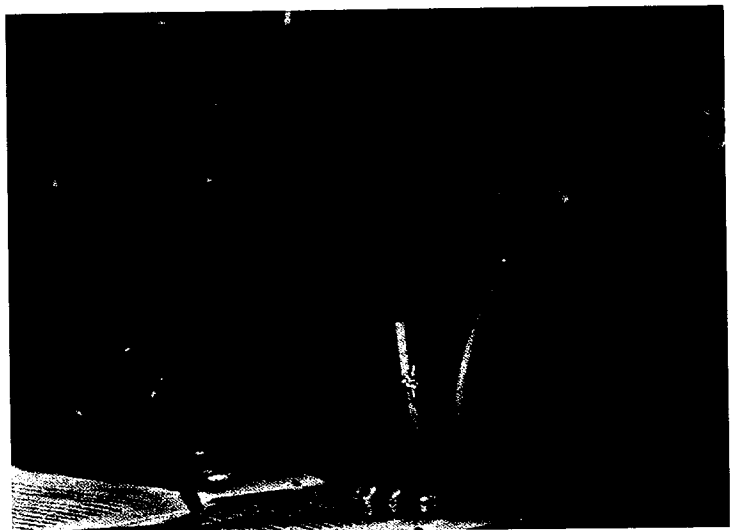
**Risk and Benefits Management** The Office of Risk and Benefits Management is charged with the responsibility of supervising the protection of the District's assets by employing various risk management techniques and procedures to assume, transfer, minimize and manage risk within the District. The District utilizes self insurance in conjunction with the purchase of various excess insurance policies including coverage for general liability, automobile liability, errors and omissions/professional liability, and workers' compensation. The policies are written to provide coverage in excess of certain deductible and self-insured retention.

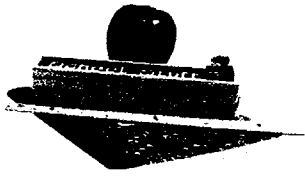


The District carries all risk, property insurance for buildings and contents in the amount of \$250 million for all perils, including windstorm. The deductible in the event of a hurricane is 4% of the values per location subject to a per loss minimum deductible of \$25 million, with the per loss deductible for all other perils being \$500,000.

In December 1987, due to a change in Florida Statutes, the School Board authorized the Board Attorney to either settle liability cases within the limitations of sovereign immunity or to settle serious cases which might cause exposure within or beyond the insurance limits. As a result of this change, losses which might have exceeded the threshold of sovereign immunity have been contained, thus resulting in the moderation of future premiums.

The School Board has a fully-insured Health Insurance Program including a flexible "cafeteria plan" as authorized by section 125 of the Internal Revenue Code. After receiving authorization to enter into negotiations with its previous carriers, and any other interested parties, the Board entered into a three-year contract with United Healthcare of Florida. As of January 1, 2006, the Board offers its employees, retirees, and their eligible dependents two open access HMO plans with an out of network benefit option on a fully-insured basis, in addition to the Point of Service (POS). Additionally, the Board began offering an opt out provision for employees who can provide proof of insurance coverage.

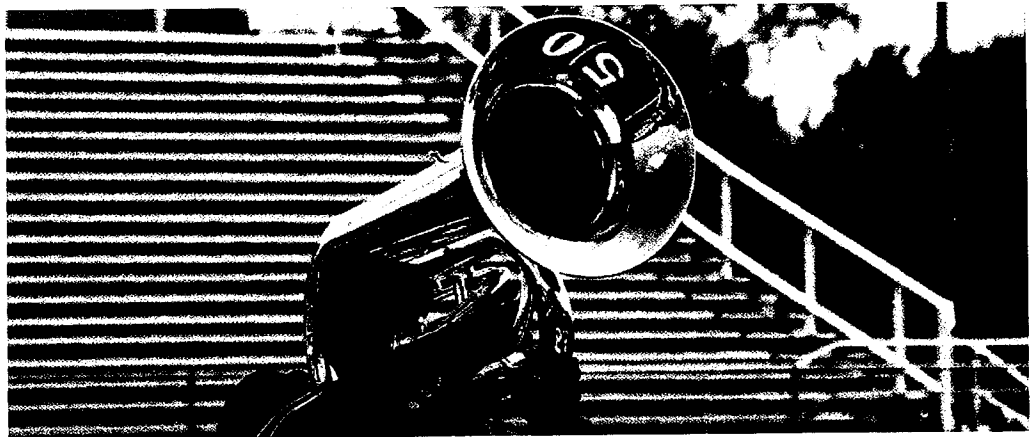




Employees who opt out will receive a monthly credit from which they can purchase an option consisting of various flexible benefits or cash.

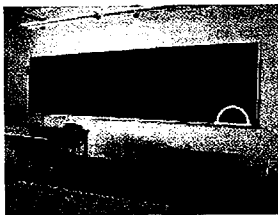
The program remains on a fully insured basis whereby the District pays a premium to its provider for coverage of enrolled employees, and no liability is recognized or assumed beyond the premium payment. The program's structure has resulted in stabilization of the District's employee benefit costs, which has led to three continuous years of premium increases, well under industry trends.

**Independent Audit** State law permits an outside independent audit of school districts by a firm of certified public accountants in lieu of an audit performed by the State of Florida, Office of the Auditor General. The auditing firm of Ernst & Young LLP was selected by the School Board to perform the annual audit. In keeping with the minority firm utilization program established by the School Board, Ernst & Young LLP was assisted by Sanson, Kline, Jacomino & Co., Certified Public Accountants, and S. Davis & Associates, P.A., Certified Public Accountants.



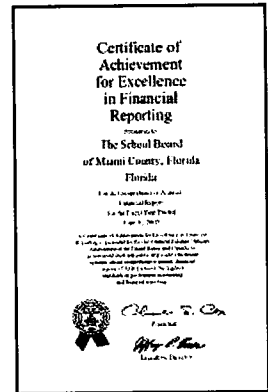
The auditors' report on the financial statements is included in the financial section of this report. A separate report will be issued by the auditors to further satisfy the requirements of OMB circular A-133 and the Single Audit Act of 1996.

As an additional oversight review and control, the School Board Audit Committee, which includes individuals from the private sector with extensive knowledge in accounting and municipal finance, oversees the independent audit process. This includes reviewing the independent auditors' workplan, the proposed scope of the audit and the progress of the audit. Furthermore, the Committee evaluates the financial statements, the auditors' report and the auditors' management letter, as well as the administration's response. The Committee also reviews all internal audit reports and administrative staff responses, placing an emphasis on timely implementation of the recommendations made by the auditors. The Committee meets regularly, at least six times per year, and operates independently of the administration. It oversees the overall audit function and issues an annual report to the School Board.





**Financial Awards** The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to The School Board of Miami-Dade County for the fiscal year ended June 30, 2007. This was the twenty-third consecutive year that the District has received this prestigious award.



The School Board of Miami-Dade County also received the Association of School Business Officials (ASBO) International Certificate of Excellence in Financial Reporting for the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2007.

This is the twenty-fourth consecutive prestigious award that the District has received from ASBO. These awards are for one year only and signify that the financial report conforms to generally accepted accounting principles, legal requirements and standards of reporting required by the organization granting the award.

We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate Programs' requirements, and we are submitting it to both GFOA and ASBO, to determine its eligibility to receive, once more, their respective prestigious awards.


**Acknowledgment** The preparation of this report could not have been accomplished without the services of the entire staff of Business Operations, particularly the Office of the Controller, and the support that other bureaus and offices provided.



We would like to thank the members of the School Board for their interest and support in planning and conducting the financial operations of the District. We also thank the citizens of Miami-Dade County, whose cooperation, support and assistance have contributed greatly to the operation of this innovative school system.

We look forward to the opportunity, with your guidance and support, of building a better, more effective and efficient school system that provides a learning environment that adapts to the ever changing needs of our students - the citizens of tomorrow.

Respectfully submitted,

  
\_\_\_\_\_  
Alberto M. Carvalho, Superintendent of Schools

  
\_\_\_\_\_  
Richard H. Hinds, Ed.D., Chief Financial Officer

  
\_\_\_\_\_  
Connie Pou, C.P.A., Controller

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# THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA

## Principal Officials - Elected

### Board Members



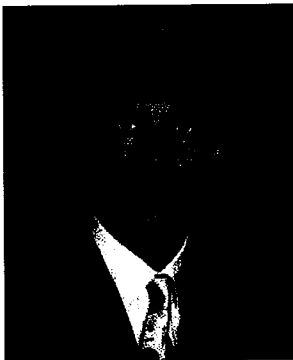
**Dr. Solomon C. Stinson**  
Chair  
District 2



**Dr. Marta Pérez**  
Vice Chair  
District 8



**Dr. Wilbert "Tee" Holloway**  
District 1



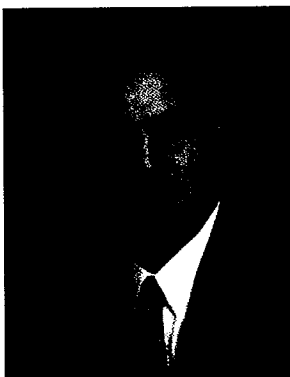
**Dr. Martin Karp**  
District 3



**Ms. Perla Tabares Hantman**  
District 4



**Mr. Renier Diaz de la Portilla**  
District 5



**Mr. Agustin J. Barrera**  
District 6



**Ms. Ana Rivas Logan**  
District 7

Photo not available

**Dr. Lawrence S. Feldman**  
District 9

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# THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA

## Principal Officials - Elected

### Board Members - Terms of Office

**Dr. Wilbert "Tee" Holloway, Member from District No. 1**

Present term began	November 2008
Present term expires	November 2012
Began as a Board Member	November 2007

**Dr. Solomon C. Stinson, Member from District No. 2**

Present term began	November 2006
Present term expires	November 2010
Began as a Board Member	November 1996

**Dr. Martin Karp, Member from District No. 3**

Present term began	November 2008
Present term expires	November 2012
Began as a Board Member	November 2004

**Ms. Perla Tabares Hantman, Member from District No. 4**

Present term began	November 2006
Present term expires	November 2010
Began as a Board Member	November 1996

**Mr. Renier Diaz de la Portilla, Member from District No. 5**

Present term began	November 2008
Present term expires	November 2012
Began as a Board Member	November 2006

**Mr. Agustin J. Barrera, Member from District No. 6**

Present term began	November 2006
Present term expires	November 2010
Began as a Board Member	November 2002

**Ms. Ana Rivas Logan, Member from District No. 7**

Present term began	November 2008
Present term expires	November 2012
Began as a Board Member	November 2004

**Dr. Marta Pérez, Member from District No. 8**

Present term began	November 2006
Present term expires	November 2010
Began as a Board Member	November 1998

**Dr. Lawrence S. Feldman, Member from District No. 9**

Present term began	November 2008
Present term expires	November 2012
Began as a Board Member	November 2008

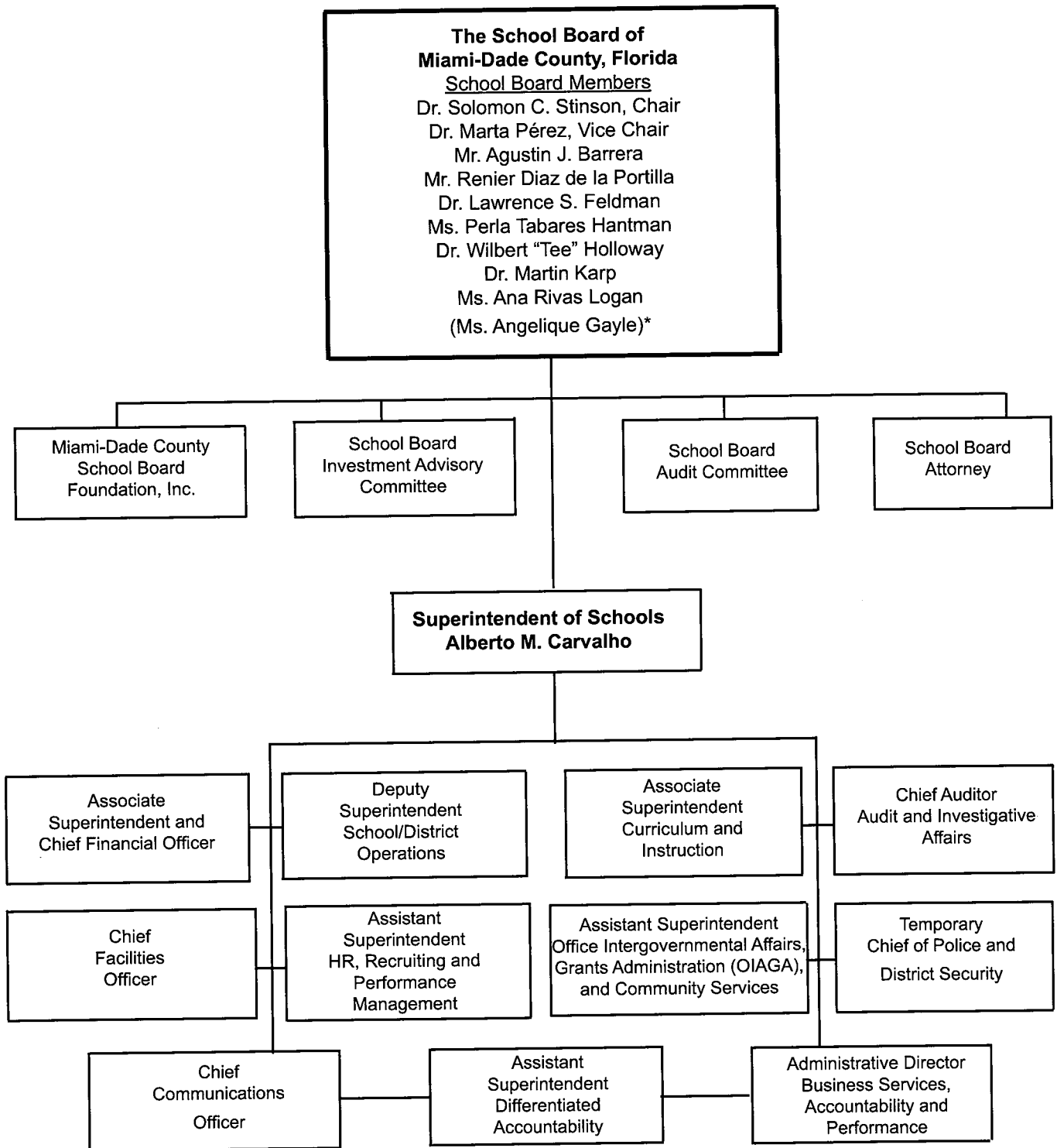
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# THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA

## Other Principal Officials - Appointed

Mr. Alberto M. Carvalho	Superintendent of Schools
Dr. Richard H. Hinds	Associate Superintendent and Chief Financial Officer
Mr. Freddie Woodson	Deputy Superintendent, School/District Operations
Ms. Milagros R. Fornell	Associate Superintendent, Curriculum and Instruction
Mr. Allen M. Vann	Chief Auditor, Audit and Investigative Affairs
Mr. Jaime G. Torrens	Chief Facilities Officer
Ms. Vera A. Hirsh	Assistant Superintendent, Human Resources, Recruiting and Performance Management
Ms. Iraida R. Mendez-Cartaya	Assistant Superintendent, Office of Intergovernmental Affairs, Grants Administration (OIAGA), and Community Services
Mr. Charles J. Hurley	Temporary Chief of Police and District Security
Mr. John Schuster	Chief Communications Officer
Ms. Ellen O. Wright	Assistant Superintendent, Differentiated Accountability
Ms. Helen S. Blanch	Administrative Director, Business Services Accountability and Performance

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA  
DISTRICT ADMINISTRATIVE ORGANIZATION  
SUPERINTENDENT'S DIRECT REPORTS**



\*M-DCPS Student who sits on the board in an advisory capacity

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to  
The School Board  
of Miami County, Florida  
Florida

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Charles S. Cox*  
President


*Jeffrey R. Emer*  
Executive Director

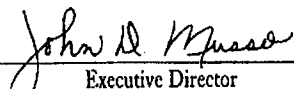
ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

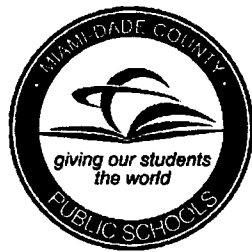


This Certificate of Excellence in Financial Reporting  
*is presented to*  
**The School Board of Miami Dade County, Florida**

For its Comprehensive Annual Financial Report (CAFR)  
For the Fiscal Year Ended June 30, 2007  
upon recommendation of the Association's Panel of Review  
which has judged that the Report substantially conforms  
to principles and standards of ASBO's Certificate of Excellence Program

  
\_\_\_\_\_  
President

  
\_\_\_\_\_  
Executive Director





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## II. Financial Section







Ernst & Young LLP  
Suite 3000  
201 South Biscayne Boulevard  
Miami, Florida 33131  
Tel: +1 305 358 4111  
Fax: +1 305 415 1411  
www.ey.com

## Report of Independent Certified Public Accountants

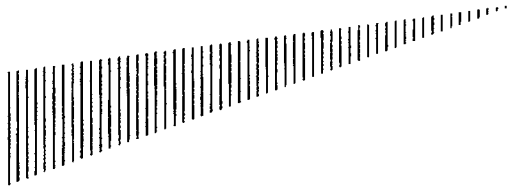
Chairperson and Members of  
The School Board of Miami-Dade County, Florida

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of The School Board of Miami-Dade County, Florida (the School Board), as of and for the year ended June 30, 2008, which collectively comprise the School Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School Board's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Charter Schools, which comprise the discretely presented component units of the School Board. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the reports of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States 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. We were not engaged to perform an audit of the School Board's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Board's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the School Board as of June 30, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States.

As discussed in Note 17 to the financial statements, the District adopted Governmental Accounting Standards Board Statement No. 45 related to accounting and financial reporting by employers for postemployment benefits other than pensions.



In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2008 on our consideration of the School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and the Required Supplementary Information as listed on the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Board's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

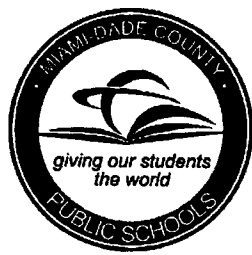
*Ernst + Young LLP*

November 24, 2008

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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(MD&A)**





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## **THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) JUNE 30, 2008**

The Management's Discussion & Analysis (MD&A) of The School Board of Miami-Dade County, Florida (the District) is intended to provide an overview of the District's financial position and changes in financial position for the fiscal year ended June 30, 2008.

Since the focus of the Management's Discussion and Analysis (MD&A) is on the current year activities, resulting changes and currently known facts, it should be read in conjunction with the District's financial statements, including the accompanying notes. Additionally, as a required part of the MD&A, comparative information for the current year and the prior year is presented for financial analysis to enhance the understanding of the District's financial performance.

### **Financial Highlights**

At June 30, 2008, the General Fund had a fund balance of \$32.6 million, representing a decrease of \$104.8 million or 76.3% from the previous year. Of the total fund balance, approximately \$5.9 million was unreserved, undesignated, representing a decrease of \$34.7 million or approximately 85.4% from the previous year. This decrease in the ending fund balance was primarily attributed to a decrease in anticipated revenues and an increase in expenditures.

During fiscal year 2007-08, the Florida Legislature reduced funding for the District by approximately \$65.0 million. Tax collections and investment income were also lower than anticipated by \$13.0 million and \$5.0 million respectively. These reductions were as a result of lower state revenues, and the overall deterioration of the economy.

On October 20, 2008 Moody's Investor Service affirmed the rating on Miami-Dade County School Districts' outstanding General Obligation Bonds of A2 and outstanding Certificates of Participation of A3, but revised the outlooks on these obligations to negative from stable. The District's ultimate credit quality will be dictated by its ability to control and monitor spending and formulate a plan to rebuild an adequate level of reserves in a challenging environment of state budget cuts, property tax reform and a weakened economy.

The District issued \$538.3 million in Certificates of Participation (COP) Series 2008B for the construction of new capital projects. The District also issued \$233.4 million forward refunding COP Series 2008A for the purposes of refunding \$236.9 million of the outstanding Series 1998A and 1998C. Additionally, due to the economic turmoil in the financial markets impacting the short term markets, the District's \$278.4 million auction rate COP Series 2001B, 2002A, 2002B, and 2007C were converted and privately placed under a Purchase Agreement delineating pre-approved terms. Detailed information is provided in Note 11 to the Financial Statements.

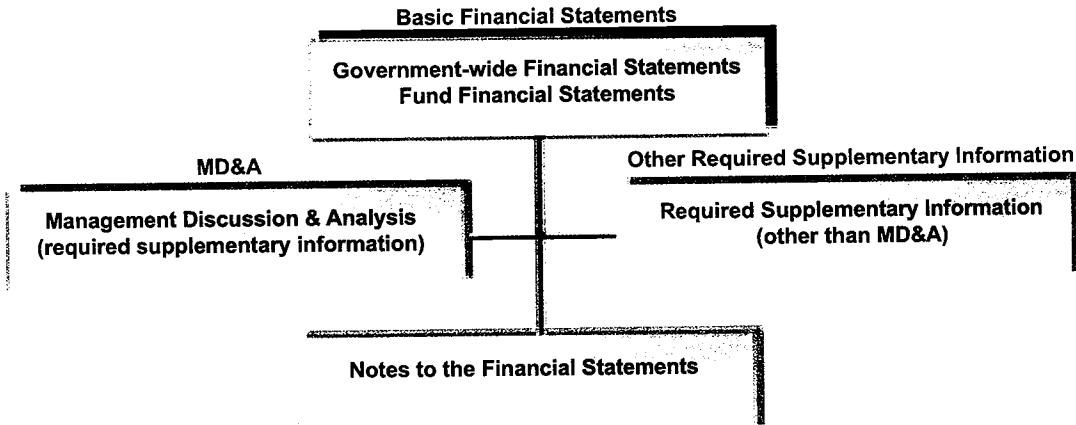
A Revenue Anticipation Note (RAN) Series 2008A totaling \$66 million was issued for the purpose of bridge financing for projects funded under the Revenue Anticipation Note Series 2007A. The RAN Series 2008A was repaid by both the COP Series 2008B and the RAN Series 2008B. In addition to partially repaying the RAN Series 2008A, the \$150 million RAN Series 2008B provided interim financing for capital projects.

The Enterprise Resource Planning System (ERP) \$85.4 million project financing was provided under an extension of the Master Equipment Lease/Purchase Agreement.

The School Board entered into an Interlocal Agreement with the City of Miami for the design and construction of a senior high school for law studies to be co-located with the City's College of Policing facilities. A total of \$11.9 million for construction is funded on a pay-as-you-go basis and deposited in an Escrow Account under a joint agreement with the City of Miami.

## USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT

This comprehensive annual financial report is comprised of different sections. The following graphic is provided to facilitate the understanding of the format and its components:



### OVERVIEW OF THE FINANCIAL STATEMENTS

The District's Comprehensive Annual Financial Report consists of a series of financial statements and accompanying notes, with the primary focus being on the District as a whole. The Statement of Net Assets and the Statement of Activities are government-wide financial statements that provide both short-term and long-term information about the District's overall financial status. The fund financial statements report the District's operations in more detail by providing information as to how services are financed in the short-term, as well as the remaining available resources for future spending. Additionally, the fund financial statements focus on Major Funds rather than fund types. The remaining statements, the Fiduciary Funds Statements, provide financial information for those activities in which the District acts solely as a trustee or agent for the benefit of others. The accompanying notes provide essential information that is not disclosed on the face of the financial statements. Consequently, the notes form an integral part of the basic financial statements.

#### Government-wide Financial Statements

**The Statement of Net Assets and the Statement of Activities** - Most of the activities of the District are reported in these statements, including instruction, instructional support services, operations and maintenance, school administration, general administration, pupil transportation, and food service. Additionally, all state and federal grants, as well as capital and debt financing activities are reported here.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

- \* Financial statements.
- \* Notes accompanying statements.
- \* Primary focus on the District as a whole.

The Statement of Net Assets and the Statement of Activities present a view of the District's financial operations as a whole, reflect all financial transactions and provide information helpful in determining whether the District's financial position has improved or deteriorated as a result of the current year's activities. Both of these statements are prepared using the accrual basis of accounting similar to that used by most private-sector companies. The Statement of Net Assets includes all assets and liabilities, both short and long term.

The Statement of Activities reports all of the current year's revenues and expenses regardless of when cash is received or paid. The two government-wide statements report the District's Net Assets (assets minus liabilities) and the changes that resulted from the



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District's operations. The relationship between revenues and expenses indicates the District's operating results. Over time, increases and decreases in the District's Net Assets are an indicator of whether the District's financial position is improving or deteriorating. However, as a governmental entity, the District's activities are not geared towards generating profits as are the activities of commercial entities. Other factors, such as the safety of schools and quality of education, must be considered in order to reasonably assess the District's overall performance, particularly because of the limited resources available.

### **Fund Financial Statements**

The District's fund financial statements provide a detailed short-term view of the District's operations, focusing on its most significant or "major" funds. Certain funds are required by law while others are created by legal agreements, such as bond covenants. The District establishes other funds to ensure and demonstrate compliance with finance-related legal requirements and prudent fiscal management. The District has two kinds of funds - governmental funds and fiduciary funds.

**Governmental Funds** - The accounting for most of the District's basic services is included in the governmental funds. The measurement focus and basis of accounting continue to be reported using the modified accrual basis of accounting, which measures inflows and outflows of current financial resources and the remaining balances at year-end that are available for spending. Furthermore, under this basis of accounting, changes in net spendable assets normally are recognized only to the extent that they are expected to have a near-term impact. Inflows of financial resources are recognized only if they are available to liquidate liabilities of the current period. Similarly, future outflows are typically recognized only if they represent a depletion of current financial resources. The District's major governmental funds are the General Fund, Section 1011.14 F.S. Loans Fund, Capital Improvement-Local Optional Millage Levy (LOML) Funds, and Certificates of Participation (COPs) Funds. The differences in the amounts reported between the fund statements and the government-wide statements are explained in the reconciliations provided on Pages 27 and 31.

**Fiduciary Funds** - The District is the trustee, or fiduciary, for resources held for the benefit of others, such as the student activities fund and the pension fund. The District's fiduciary activities are reported in the Statement of Fiduciary Net Assets on Page 32 and the Statement of Changes in Fiduciary Net Assets on Page 33. The resources accounted for in these funds are excluded from the government-wide financial statements because these funds are not available to finance the District's operations. Consequently, the District is responsible for ensuring that these resources are used only for their intended purpose.

### **Notes to the Financial Statements**

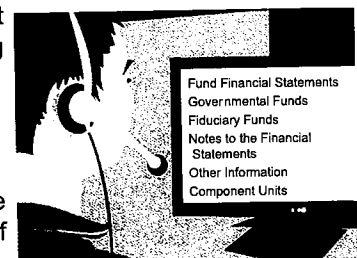
The notes provide disclosures and additional information that are essential to a full understanding of the financial information presented in the government-wide and fund financial statements.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also provides certain required supplementary information, as well as combining and individual fund statements and schedules beginning on Page 90.

### **Component Units**

The discretely presented component units included in this report are those Charter Schools that meet the criteria as set forth by the Florida Department of Education. Please refer to Note 1A.



**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

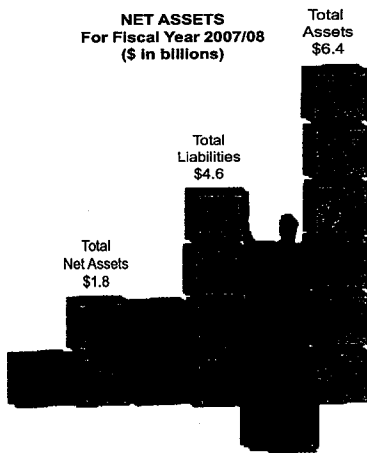
**Statement of Net Assets (Government-wide)**

The following table provides a comparative analysis of the District's Net Assets for the fiscal years ended June 30, 2008 and June 30, 2007.

**CONDENSED STATEMENT OF NET ASSETS - GOVERNMENTAL ACTIVITIES**  
**June 30, 2008 and 2007**  
 (\$ in millions)

Categories	2007/08	2006/07	Difference Increase (Decrease)	% Increase (Decrease)
Current and Other Assets	\$ 1,801.7	\$ 1,657.5	\$ 144.2	8.7 %
Capital Assets, Net	<u>4,531.5</u>	<u>3,933.1</u>	<u>598.4</u>	15.2 %
<b>Total Assets</b>	<b><u>\$ 6,333.2</u></b>	<b><u>\$ 5,590.6</u></b>	<b><u>\$ 742.6</u></b>	<b>13.3 %</b>
Current Liabilities	\$ 1,112.3	\$ 750.2	\$ 362.1	48.3 %
Long-term Liabilities	<u>3,463.7</u>	<u>3,048.1</u>	<u>415.6</u>	13.6 %
<b>Total Liabilities</b>	<b><u>\$ 4,576.0</u></b>	<b><u>\$ 3,798.3</u></b>	<b><u>\$ 777.7</u></b>	<b>20.5 %</b>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	\$ 1,767.6	\$ 1,713.0	\$ 54.6	3.2 %
Restricted	356.2	342.8	13.4	3.9 %
Unrestricted (deficit)	<u>(366.6)</u>	<u>(263.5)</u>	<u>(103.1)</u>	(39.1) %
<b>Total Net Assets</b>	<b><u>\$ 1,757.2</u></b>	<b><u>\$ 1,792.3</u></b>	<b><u>\$ (35.1)</u></b>	<b>(2.0) %</b>

The District's net assets totaled \$1.8 billion. This entire amount represents the District's investment in capital assets (land, buildings, furniture, fixtures & equipment), net of depreciation and less any outstanding debt used to construct or acquire those assets. Restricted net assets in the amount of \$356.2 million are reported separately to show legal constraints, from debt covenants and enabling legislation. The \$(366.6) million unrestricted deficit in net assets reflects the shortfall the District would face in the event it would have to liquidate today all of its non-capital liabilities, including insurance claims payable, compensated absences, and other post employment benefits, at June 30, 2008. A deficit in unrestricted net assets should not be considered, solely, as evidence of economic financial difficulties, but rather as a result of different measurement focuses; long term compared to short term perspectives.



With the implementation of GASB Statement No. 34, the District is required to include all of its capital assets, net of accumulated depreciation, and of related debt, as well as all of its long term liabilities. Consequently, these long term considerations have a significant impact on the resulting Net Assets.

## Statement of Activities (Government-wide)

The following table summarizes the changes in the District's Net Assets from its activities for the fiscal years ended June 30, 2008 and June 30, 2007.

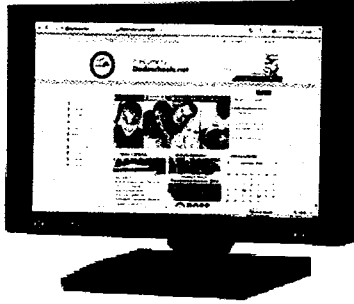
### CHANGES IN NET ASSETS - GOVERNMENTAL ACTIVITIES For Fiscal Years Ended June 30, 2008 and 2007 (\$ in millions)

	2007/08	2006/07	Difference Increase (Decrease)	% Increase (Decrease)
<b>Revenues</b>				
Program Revenues:				
Charges for Services	\$ 67.4	\$ 69.2	\$ (1.8)	(2.6) %
Operating Grants & Contributions	126.3	126.8	(0.5)	(0.4) %
Capital Grants & Contributions	<u>135.4</u>	<u>107.5</u>	<u>27.9</u>	26.0 %
Total Program Revenues	329.1	303.5	25.6	8.4 %
General Revenues:				
Ad Valorem Taxes	1,855.8	1,638.2	217.6	13.3 %
Grants & Contributions Not Restricted to Specific Programs	1,614.9	1,695.3	(80.4)	(4.7) %
Investment Earnings	56.6	71.8	(15.2)	(21.2) %
Miscellaneous Revenues	<u>20.5</u>	<u>21.4</u>	<u>(0.9)</u>	(4.2) %
Total General Revenues	<u>3,547.8</u>	<u>3,426.7</u>	<u>121.1</u>	3.5 %
<b>Total Revenues</b>	<b><u>\$ 3,876.9</u></b>	<b><u>\$ 3,730.2</u></b>	<b><u>\$ 146.7</u></b>	<b>3.9 %</b>
<b>Expenses</b>				
Instructional Services	\$ 2,081.1	\$ 2,001.3	\$ 79.8	4.0 %
Instructional Support Services	372.1	361.1	11.0	3.0 %
Pupil Transportation	94.5	92.2	2.3	2.5 %
Operations & Maintenance of Plant	436.1	423.9	12.2	2.9 %
Food Service	146.1	135.8	10.3	7.6 %
School Administration	191.3	178.4	12.9	7.2 %
General Administration	38.3	37.6	0.7	1.9 %
Central Services	70.1	67.9	2.2	3.2 %
Capital Outlay	216.5	131.3	85.2	64.9 %
Administrative Technology Services	1.2	1.5	(0.3)	(20.0) %
Debt Service	117.2	107.9	9.3	8.6 %
Other	42.0	42.1	(0.1)	(0.2) %
Unallocated Depreciation	<u>105.5</u>	<u>86.5</u>	<u>19.0</u>	22.0 %
<b>Total Expenses</b>	<b><u>\$ 3,912.0</u></b>	<b><u>\$ 3,667.5</u></b>	<b><u>\$ 244.5</u></b>	<b>6.7 %</b>
<b>Increase (Decrease) in Net Assets</b>	<b>\$ (35.1)</b>	<b>\$ 62.7</b>		
<b>Net Assets - Beginning</b>	<b>\$ 1,792.3</b>	<b>\$ 1,729.6</b>		
<b>Net Assets - Ending</b>	<b><u>1,757.2</u></b>	<b><u>1,792.3</u></b>		

The District's total assets were \$6,333.2 million and total liabilities were \$4,576.0 million as of June 30, 2008. The most significant increases are reflected in Capital Assets and Long-term Liabilities as a result of the District's financing activities to build additional student stations to comply with the Class Size Reduction Constitutional Amendment.

The most significant increase in revenues is a result of higher taxable values of real property that increased the collection of Ad Valorem Taxes. Notable increase in expenses is mostly related to School Level Services and Capital Outlay.

## Governmental Activities



The Statement of Activities reports gross expenses, offsetting program revenues and the resulting net expense (cost) by functions for the current year. The net cost of each of the District's functions represents the expenses that must be subsidized by general revenues, including tax dollars. As reflected in the Statement of Activities, total expenses for governmental activities totaled \$3,806.5 million, excluding unallocated depreciation expense, of which \$329.1 million were financed by charges for services and other program revenues. The resulting net costs of \$3,477.4 million, excluding unallocated depreciation expense, were financed mainly by dollars and property taxes.

The table below, presents a comparative analysis of the cost and the net cost of each of the District's functions: *School Level Services* include Instruction, Student Services (counselors, psychologists, and visiting teachers), Transportation, Custodial and Maintenance (including utilities), School Administration and Community Services; *Instructional Support Services* include Curriculum Development and Staff Training; *Business Services* include Accounting, Budget, Payroll, Accounts Payable, Cash and Debt Management, Purchasing, Personnel, Data Processing, Risk Management, and Warehousing; *General Administration*; and *Facilities Acquisition & Construction*.

### NET COST OF GOVERNMENTAL ACTIVITIES For Fiscal Years Ended June 30, 2008 and 2007 (\$ in millions)

	2007/08	2006/07	Difference Increase (Decrease)	% Increase (Decrease)
<b>Total Cost of Services</b>				
School Level Services	\$ 2,991.1	\$ 2,873.7	\$ 117.4	4.1 %
Instructional Support Services	372.1	361.1	11.0	3.0 %
Business Services	209.3	197.5	11.8	6.0 %
General Administration	17.5	17.4	0.1	0.6 %
Facilities Acquisition & Construction	<u>216.5</u>	<u>131.3</u>	<u>85.2</u>	64.9 %
<b>Total Cost of Services*</b>	<b><u>\$ 3,806.5</u></b>	<b><u>\$ 3,581.0</u></b>	<b><u>\$ 225.5</u></b>	<b>6.3 %</b>
<b>Net Cost of Services</b>				
School Level Services	\$ 2,743.3	\$ 2,636.2	\$ 107.1	4.1 %
Instructional Support Services	372.1	361.1	11.0	3.0 %
Business Services	196.7	185.0	11.7	6.3 %
General Administration	17.5	17.4	0.1	0.6 %
Facilities Acquisition & Construction	<u>147.8</u>	<u>77.8</u>	<u>70.0</u>	90.0 %
<b>Net Cost of Services*</b>	<b><u>\$ 3,477.4</u></b>	<b><u>\$ 3,277.5</u></b>	<b><u>\$ 199.9</u></b>	<b>6.1 %</b>

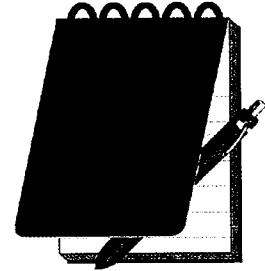
\* Excluding unallocated depreciation expense

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Financial information is presented separately in the Balance Sheet, and in the Statement of Revenues, Expenditures, and Changes in Fund Balances for the District's major funds: General Fund, Section 1011.14 F.S. Loans Fund, Capital Improvement-Local Optional Millage Levy (LOML) Funds, and Certificates of Participation (COPs) Funds. Financial information for the non-major governmental funds is aggregated and presented in a single column. Individual fund data for each of the non-major governmental funds is presented in the combining statements beginning on Page 90.

**GENERAL FUND**

The General Fund is the primary operating fund for the District. Presented below is an overall analysis of the General Fund as compared to the prior year.

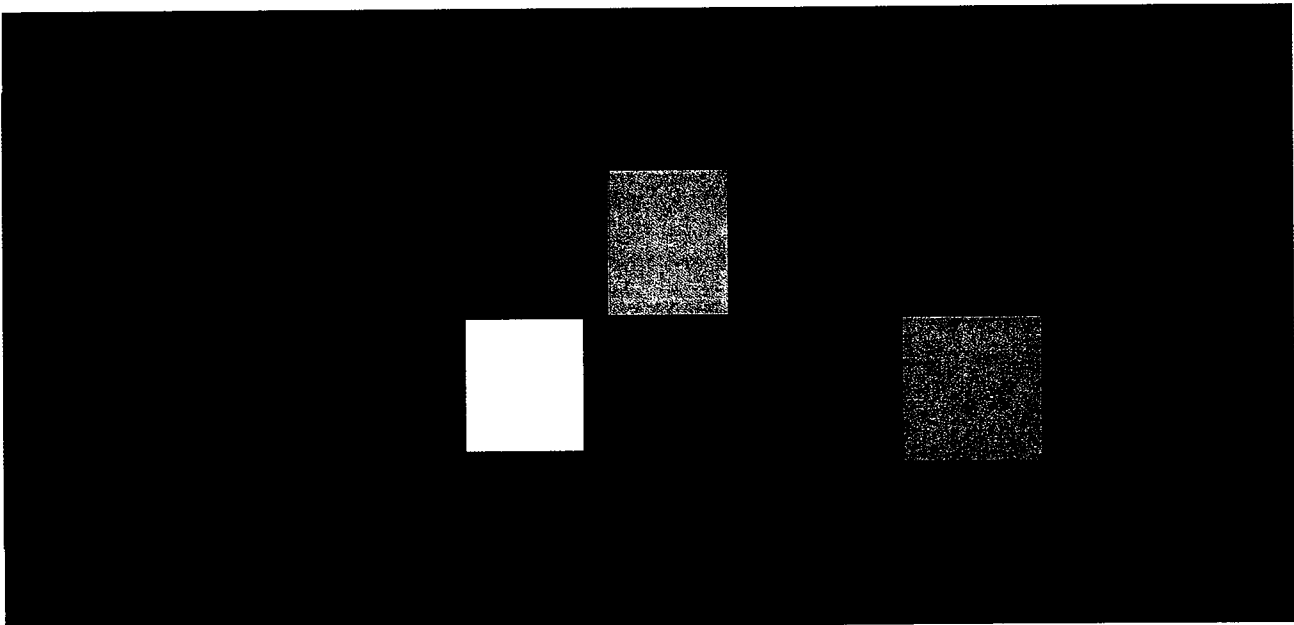


**CHANGES IN GENERAL FUND ACTIVITY  
For Fiscal Years 2007/08 and 2006/07  
(\$ in thousands)**

Categories	2007/08	2006/07	Difference Increase (Decrease)	% Increase (Decrease)
Revenue	\$ 2,690,023	\$ 2,633,231	\$ 56,792	2.2 %
Other Financing Sources	210,572	156,570	54,002	34.5 %
Beginning Fund Balance	<u>137,381</u>	<u>227,956</u>	<u>(90,575)</u>	(39.7) %
<b>Total</b>	<b><u>\$ 3,037,976</u></b>	<b><u>\$ 3,017,757</u></b>	<b><u>\$ 20,219</u></b>	<b>0.7 %</b>
Expenditures	\$ 2,990,964	\$ 2,880,176	\$ 110,788	3.8 %
Other Financing Uses	14,382	200	14,182	7,091.0 %
Ending Fund Balance	<u>32,630</u>	<u>137,381</u>	<u>(104,751)</u>	(76.3) %
<b>Total</b>	<b><u>\$ 3,037,976</u></b>	<b><u>\$ 3,017,757</u></b>	<b><u>\$ 20,219</u></b>	<b>0.7 %</b>

The General Fund is the chief operating fund of the District. Revenues increased by \$56.8 million or 2.2%. This increase is mainly due to higher property tax revenues offset by lower state revenues. Expenditures increased by \$110.8 million or 3.8%. Payroll costs and fringe benefits represent the majority of the increase.

Ending Fund Balance decreased by \$104.8 million, as a result of funding reductions by the Florida Legislature, increases in costs due to oil prices, and higher salaries and fringe benefits.



**GENERAL FUND (continued)**

**Revenues By Source**

**Revenues** - Overall revenues increased by \$56.8 million or 2.2% as follows:

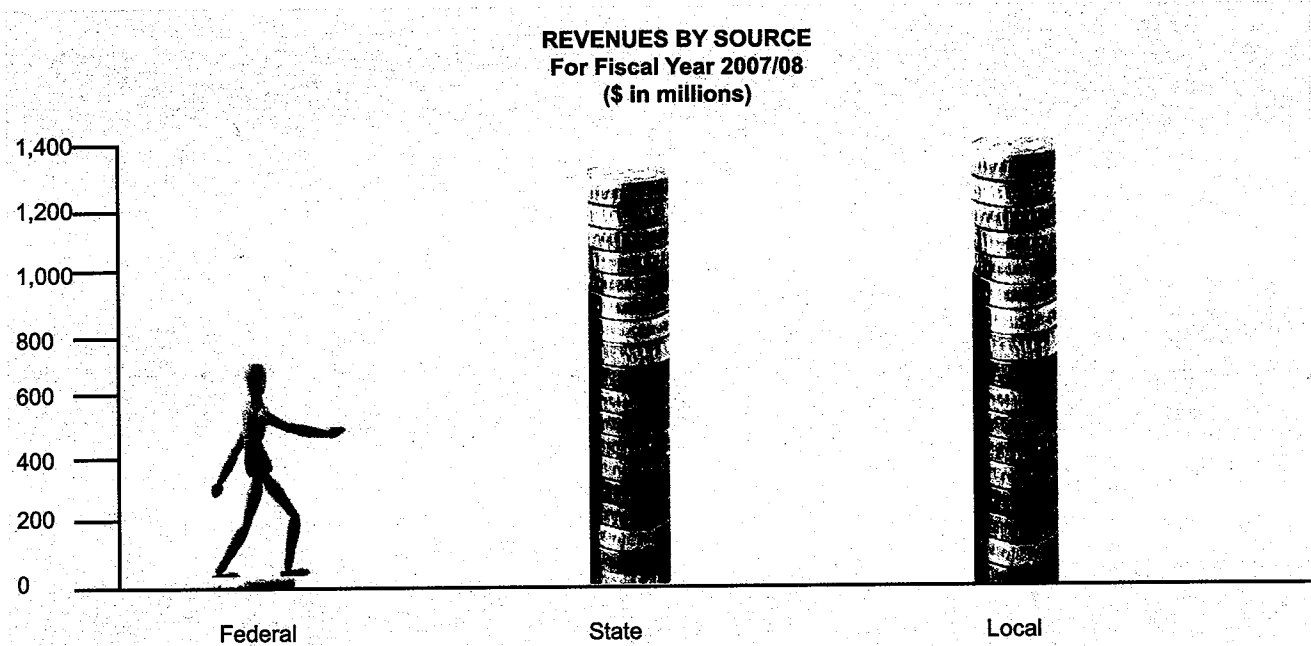
**REVENUES BY SOURCE  
For Fiscal Years 2007/08 and 2006/07  
(\$ in thousands)**

Sources	2007/08	2006/07	Difference Increase (Decrease)	% Increase (Decrease)
Federal	\$ 18,821	\$ 18,495	\$ 326	1.8 %
State	1,287,430	1,378,960	(91,530)	(6.6) %
Local	<u>1,383,772</u>	<u>1,235,776</u>	<u>147,996</u>	12.0 %
<b>Total</b>	<b><u>\$ 2,690,023</u></b>	<b><u>\$ 2,633,231</u></b>	<b><u>\$ 56,792</u></b>	<b>2.2 %</b>

Federal sources increased by \$.3 million or 1.8%.

State sources decreased by \$91.5 million or 6.6%. Funding by the Florida Education Finance Program (FEFP) including Discretionary Lottery decreased by \$139.0 million. This decrease was partially offset by a \$67.6 million increase in the Class Size Reduction Operating Funds. Voluntary Pre-K Program and School Recognition programs declined by \$2.8 and \$9.0 million respectively. Workforce Development funding declined by \$5.2 million.

Local Sources increased by \$148.0 million or 12.0%. The major increase resulted from an increase in the collection of property taxes of \$146.0 million, due to increases in the taxable value of real property in the county. Interest on investments decreased by \$7.6 million.



**GENERAL FUND (continued)**

**Expenditures By Function**

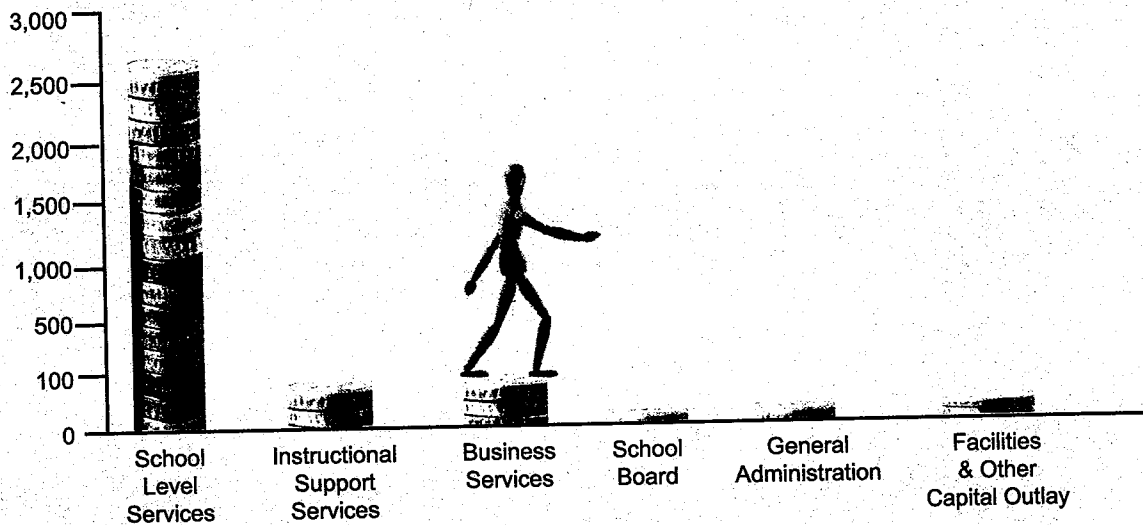
**Expenditures** - Overall expenditures increased by \$110.8 million or 3.8% as follows:

**EXPENDITURES BY FUNCTION  
For Fiscal Years 2007/08 and 2006/07  
(\$ in thousands)**

<b>Functions</b>	<b>2007/08</b>	<b>2006/07</b>	<b>Difference Increase (Decrease)</b>	<b>% Increase (Decrease)</b>
School Level Services	\$ 2,775,417	\$ 2,666,275	\$ 109,142	4.1 %
Instructional Support Services	89,350	83,387	5,963	7.2 %
Business Services	91,019	87,704	3,315	3.8 %
School Board	6,638	6,550	88	1.3 %
General Administration	10,577	10,678	(101)	(1.0) %
Facilities & Other Capital Outlay	<u>17,963</u>	<u>25,582</u>	<u>(7,619)</u>	<u>(29.8) %</u>
<b>Total</b>	<b><u>\$ 2,990,964</u></b>	<b><u>\$ 2,880,176</u></b>	<b><u>\$ 110,788</u></b>	<b>3.8 %</b>

Salaries and Fringe Benefits represent the most significant increases specifically as it relates to school level expenditures. Overall salaries and fringe benefits increased by \$98.8 million or 4.2%, primarily due to an over allocation of teacher units to schools, and approved budgetary expenditure reductions that did not materialize. In addition to the payroll costs, the District experienced increases in fuel and energy costs.

**EXPENDITURES BY FUNCTION  
For Fiscal Year 2007/08  
(\$ in millions)**



## SECTION 1011.14 F.S. LOANS FUND

On May 28, 2008, the District issued \$150 million in Revenue Anticipation Notes, Series 2008B (the "Notes") pursuant to a resolution adopted by The School Board on April 16, 2008. Proceeds from the Notes will be used to pay or reimburse the capital outlay funds or general fund for the cost of design, acquisition, construction and equipping of one or more of the educational facilities listed for the 2007-08 fiscal year Five Year Facilities Work Program and retire a portion of the previously issued Revenue Anticipation Notes. The Notes will be payable at maturity on January 30, 2009.

The \$68.0 million deficit reported in this fund resulted from not recognizing the proceeds of the Notes as other financing sources, but instead, as a short-term liability of this fund pursuant to Generally Accepted Accounting Principles. The District plans to eliminate this deficit by issuing Certificates of Participation or other capital sources during fiscal year 2008-09.

## CAPITAL IMPROVEMENT-LOCAL OPTIONAL MILLAGE LEVY (LOML)

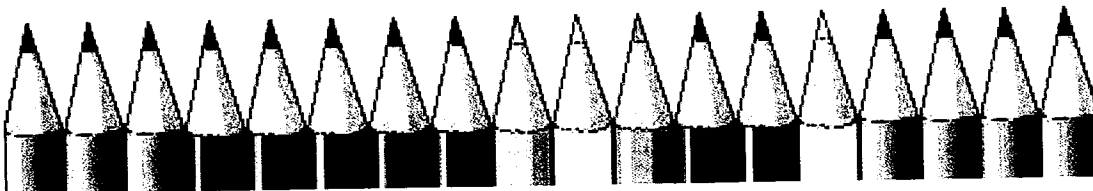
Capital Improvement-Local Optional Millage Levy (LOML) funds are the primary source of revenue in the capital budget. The two-mill levy is authorized by Section 1011.71, Florida Statutes and allows school districts to levy up to two-mills for capital outlay purposes.

Presented below is an overall analysis of the LOML funds activity as compared to prior year.

### CHANGES IN LOML FUNDS ACTIVITY For Fiscal Years 2007/08 and 2006/07 (\$ in thousands)

Categories	2007/08	2006/07	Difference Increase (Decrease)	% Increase (Decrease)
Revenue	\$ 471,007	\$ 413,524	\$ 57,483	13.9 %
Other Financing Sources	2,482	-	2,482	-
Beginning Fund Balance	191,758	239,918	(48,160)	(20.0) %
<b>Total</b>	<b><u>\$ 665,247</u></b>	<b><u>\$ 653,442</u></b>	<b><u>\$ 11,805</u></b>	<b>1.8 %</b>
Expenditures	\$ 127,220	\$ 149,278	\$ (22,058)	(14.8) %
Other Financing Uses	365,520	312,406	53,114	17.0 %
Ending Fund Balance	172,507	191,758	(19,251)	(10.0) %
<b>Total</b>	<b><u>\$ 665,247</u></b>	<b><u>\$ 653,442</u></b>	<b><u>\$ 11,805</u></b>	<b>1.8 %</b>

# BACK TO SCHOOL





## CERTIFICATES OF PARTICIPATION (COPs) FUNDS

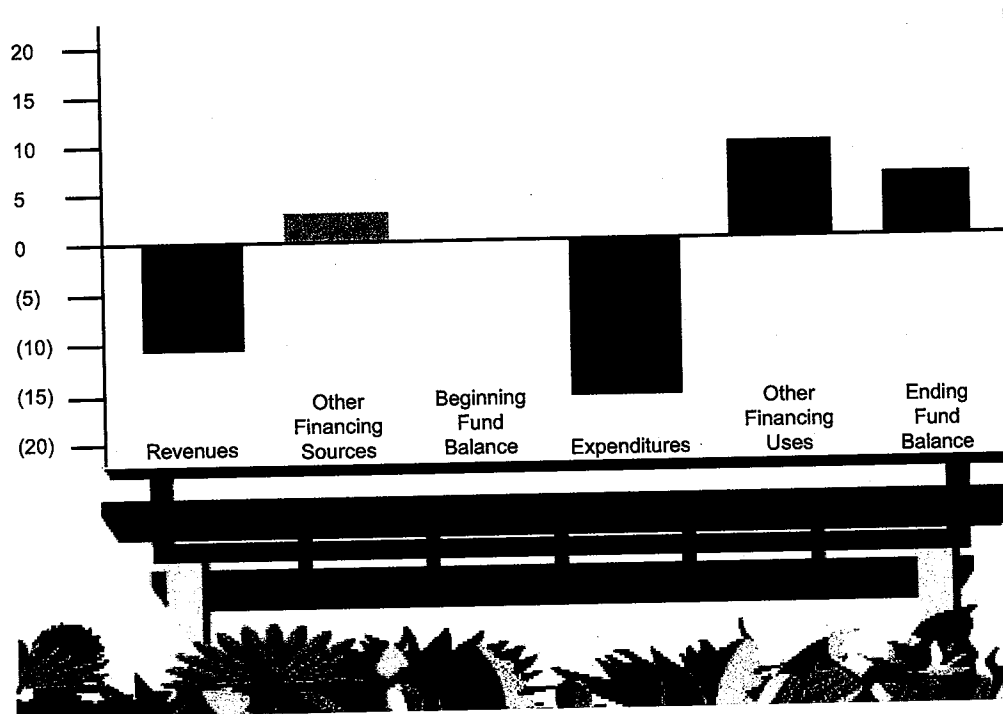
Certificates of Participation (COPs) are funding mechanism that provides funds for the construction of new facilities or for the purchase of vehicles, furniture and fixtures.

Presented below is an overall analysis of the COPs Funds as compared to prior year.

### CHANGES IN CERTIFICATES OF PARTICIPATION (COPs) FUNDS ACTIVITY For Fiscal Years 2007/08 and 2006/07 (\$ in thousands)

Categories	2007/08	2006/07	Difference Increase (Decrease)	% Increase (Decrease)
Revenue	\$ 20,327	\$ 22,876	\$ (2,549)	(11.1) %
Other Financing Sources	556,012	535,701	20,311	3.8 %
Beginning Fund Balance	<u>521,783</u>	<u>535,210</u>	<u>13,427</u>	(2.5) %
<b>Total</b>	<b><u>\$1,098,122</u></b>	<b><u>\$1,093,787</u></b>	<b><u>\$ 4,335</u></b>	<b>0.4 %</b>
Expenditures	\$ 463,106	\$548,145	\$ (85,039)	(15.5) %
Other Financing Uses	77,111	23,859	53,252	10.2 %
Ending Fund Balance	<u>557,905</u>	<u>521,783</u>	<u>36,122</u>	6.9 %
<b>Total</b>	<b><u>\$1,098,122</u></b>	<b><u>\$1,093,787</u></b>	<b><u>\$ 4,335</u></b>	<b>0.4 %</b>

### CERTIFICATES OF PARTICIPATION (COPs) Percentage of Increase/Decrease For Fiscal Year 2007/08



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## BUDGETARY HIGHLIGHTS

Most District operations are funded in the General Fund. Approximately 80% of total General Fund revenues were distributed to the District through the Florida Education Finance Program (FEFP), which uses formulas to distribute state funds and an amount of local property taxes (i.e., required local effort) established each year by the Florida Legislature. The purpose is to substantially equalize educational funding among the sixty-seven school districts in Florida, irrespective of differences in wealth among the districts.

Each school district retains its local property taxes, which is reported as local revenue. However, the required local effort portion, which is approximately 88% of the property taxes recorded in the General Fund, is deducted from the district revenue generated by the State FEFP formulas. The resulting net revenue is reported as state revenue.

Total General Fund revenues during 2007-08 were \$79.8 million less than the adopted budget as follows:

Federal funds were \$1.2 million higher than anticipated due to an increase in the Medicaid and Community Schools reimbursement.

Local revenues were \$6.5 million or .5% lower than the adopted budget. The decrease in local revenues from the adopted budget is primarily due to reductions in property taxes (\$13.7 million) and lower interest and investment income (\$4.2 million), offset by increases in various other local revenues, including tax redemptions (\$11.4 million).

State funds were \$74.5 million less than the adopted budget primarily due to FEFP budget reductions resulting from lower state revenues (-\$32.2 million in October and -\$31.2 million in March), a transfer of Charter School Capital Outlay revenue to the Capital Project Funds (-\$13.2 million), school recognition (-\$9.0 million), declining enrollment (-\$6.9 million), and McKay Scholarships of (-\$28.9 million), offset by revenue increases resulting from higher enrollment than projected (+15.4 million), prior year FEFP adjustment (+\$24.6 million), Discretionary Lottery Funds (+\$3.4 million), and increases in various state categoricals/miscellaneous state programs (+\$3.5 million). It should be noted that the revenue reduction for McKay Scholarships was offset by appropriations of approximately \$27.0 million in the original budget.

Other financing sources (uses) were \$47.2 million higher than originally budgeted due to transfers from capital outlay funds for charter school capital outlay (\$13.2 million), property insurance (\$32.2 million), and other eligible reimbursable expenses (\$16.2 million). These transfers were partially offset by transfers to the Food Service Fund (\$11.9 million) and to capital outlay funds (\$2.5 million).

Payroll costs (salaries and employee benefits) were \$102.3 million more than the adopted budget, primarily due to school based decisions \$41.3 million to increase hourly, overtime, and temporary instructors, as well as an over allocation of teacher units to schools.

As of June 30, 2008, of the \$32.6 million ending fund balance approximately \$8.3 million represents unexpended, categorical funds, and \$16.2 million represents purchase orders outstanding, both of which must be rebudgeted. The remaining \$8.2 million includes contingency of \$5.9 million with \$2.3 million of limited rebudgets.

In the Tentative FY 2008-09 budget, the District recognized revenue reductions in excess of \$74.0 million and made budgetary reductions to manage increases in costs that exceed \$132.0 million. In the future the District will continue to review the budget focusing on maintaining essential educational services as we anticipate continuing enrollment and revenue declines.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets** - At June 30, 2008, the District had \$4,531,523 (in thousands) invested in different categories of capital assets, net of accumulated depreciation, as shown in the table below.

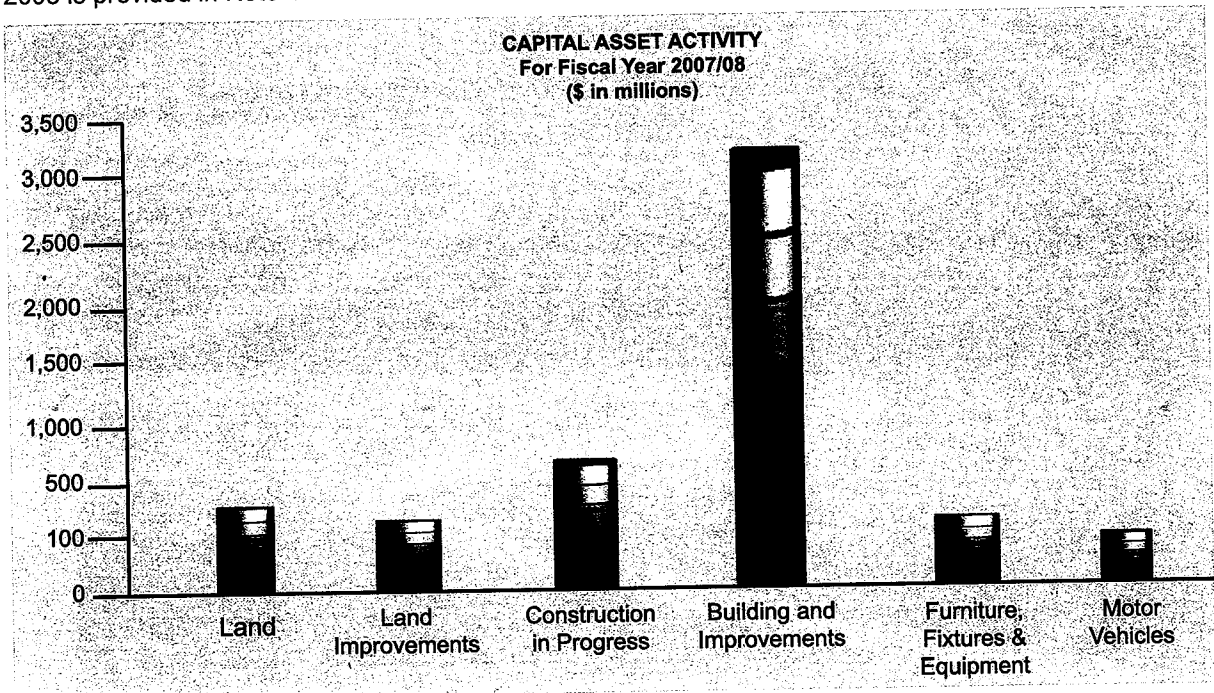
### CAPITAL ASSET ACTIVITY At June 30, 2008 and 2007 (\$ in thousands)

Categories	2007/08	2006/07	Difference Increase (Decrease)	% Increase (Decrease)
Land	\$ 318,397	\$ 272,547	\$ 45,850	16.8 %
Land Improvements	152,796	107,876	44,920	41.6 %
Construction in Progress *	634,623	757,694	(123,071)	(16.2) %
Building and Improvements	3,215,312	2,563,302	652,010	25.4 %
Furniture, Fixtures & Equipment	123,114	135,144	(12,030)	(8.9) %
Motor Vehicles	87,281	96,545	(9,264)	(9.6) %
<b>Total</b>	<b><u>\$ 4,531,523</u></b>	<b><u>\$ 3,933,108</u></b>	<b><u>\$ 598,415</u></b>	<b>15.2 %</b>

\* Includes Software Development in Progress.

The District continues to pursue innovative financing programs to keep pace with the accelerated construction program required to alleviate overcrowding, meet the Class Size Reduction constitutional amendment and renovate aging schools, and finance software development.

Detailed information reflecting the District's capital asset balances and activity for the fiscal year ended June 30, 2008 is provided in Note 4 to the Financial Statements.



## CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

**Debt Administration** - The following table represents the changes in the District's outstanding long-term liabilities at fiscal year end.

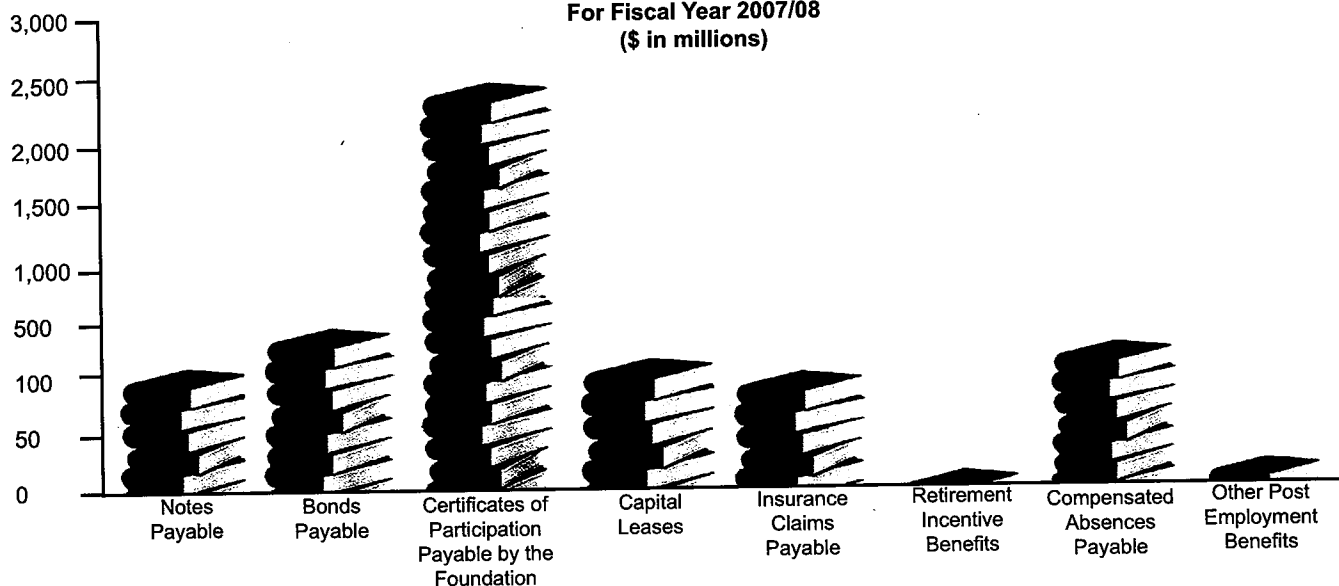
### CHANGES IN LONG TERM LIABILITIES At June 30, 2008 and 2007 (\$ in thousands)

Categories	2007/08	2006/07	Difference Increase (Decrease)	% Increase (Decrease)
Notes Payable	\$ 124,514	\$ 124,763	\$ (249)	(0.2) %
Bonds Payable	488,495	553,583	(65,088)	(11.8) %
Certificates of Participation				
Payable by the Foundation	2,574,831	2,068,898	505,933	24.5 %
Capital Leases	132,751	97,153	35,598	36.6 %
Insurance Claims Payable	118,118	127,237	(9,119)	(7.2) %
Retirement Incentive Benefits	3,138	5,260	(2,122)	(40.3) %
Compensated Absences Payable	274,451	260,457	13,994	5.4 %
Other Post Employment Benefits	13,452	-	13,452	-
<b>Total</b>	<b><u>\$ 3,729,750</u></b>	<b><u>\$ 3,237,351</u></b>	<b><u>\$ 492,399</u></b>	<b>15.2 %</b>

The most significant changes are reflected with an increase in Certificates of Participation of \$505.9 million. The District issued \$538.3 million in Certificates of Participation (COP) Series 2008B for the construction of new capital projects. The District also issued \$233.4 million forward refunding COP Series 2008A for the purpose of refunding \$236.9 million of the outstanding COP Series 1998A and 1998C. Additionally, the District converted and privately placed under a Purchase Agreement delineating pre-approved terms, \$278.4 million auction rate COP Series 2001B, 2002A, 2002B, & 2007C.

The District implemented GASB Statement No. 45 which requires the systematic accrual-basis measurement and recognition of other post-employment benefits (OPEB) cost over a period that approximates employees' years of service. For further details, refer to Note 17 to the Financial Statements.

### LONG TERM LIABILITIES For Fiscal Year 2007/08 (\$ in millions)



## ECONOMIC FACTORS

Economic conditions have deteriorated over the past 18 months in Miami-Dade County and the State of Florida as well as the nation and the world. Over that period of time the Florida Legislature has convened several special sessions to reduce state appropriations, including educational funding, in order to balance the state budget. There are strong indications that state revenues are again lower than anticipated in the state budget for fiscal year 2008-09 and that the Legislature will have to again rebalance the budget. At this time it is unclear to what extent current state reserves are available to offset revenue losses and to what extent the Governor and Legislature are willing to reduce those reserves.

The District has downsized Central Administration by \$59 million and has not funded any employee raises in the budget for fiscal year 2008-09. The District also is exploring options for maintaining essential services despite probable future revenue reductions.

## CONTACTING MANAGEMENT

The District's financial statements are designed to present citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Additional information can be requested at:

The School Board of Miami-Dade County  
School Board Administration Building  
Office of the Controller  
1450 N.E. 2nd Avenue  
Room 664  
Miami, Florida 33132  
or visit our website at:

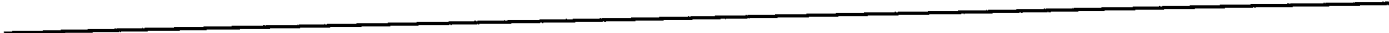
<http://www.dadeschools.net>

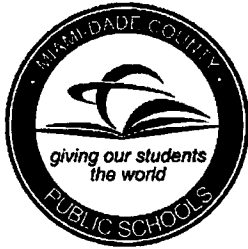
The screenshot shows the homepage of Dadeschools.net. At the top, there is a navigation bar with links for 'STUDENTS', 'PARENTS', 'EMPLOYEES', and 'COMMUNITY'. Below this, there are several sections: 'New to the District' with a list of links, 'News & Events' with a 'Mandatory Element of Paper Version - For Employees Only' link, 'M-DCPS Highlights' featuring a 'BOSS Business Opportunity Solutions for Schools' logo and a 'Report Fraud and Suspicious Activity to the Inspector General' logo, and a 'District Calendar' for November 2008. The calendar shows dates from Sunday to Sunday, with the 1st through 30th marked. The website is displayed in a Windows Internet Explorer browser window.



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## BASIC FINANCIAL STATEMENTS











	<u>Primary Government Total Governmental Activities</u>	<u>Total Component Units</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts and contracts payable and accrued expenses	\$ 160,967	\$ 4,040
Accrued payroll payable	181,218	4,167
Due to other agencies (Note 6)	7,436	1,659
Unearned revenues	6,706	540
Notes payable (Note 7)	371,230	-
Accrued interest payable	44,386	-
Estimated liability for arbitrage rebate	10,633	-
Retainage payable on contracts	63,539	-
Current portion of long-term liabilities (Note 14)	266,255	174
Total current liabilities	<u>1,112,370</u>	<u>10,580</u>
Non-current liabilities:		
Non-current portion of long-term liabilities (Note 14)	3,463,495	4,336
Unearned revenues	180	-
Total non-current liabilities	<u>3,463,675</u>	<u>4,336</u>
Total liabilities	<u>4,576,045</u>	<u>14,916</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	1,767,554	16,230
Restricted for:		
Categorical carryover programs	8,291	1
Special revenue - food service and other	512	-
Debt service	57,525	-
Capital projects	266,026	1,138
Other purposes	23,881	805
Unrestricted (deficit)	(366,589)	29,144
Total net assets	<u>\$ 1,757,200</u>	<u>\$ 47,318</u>

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**  
(amounts expressed in thousands)

	<b>Program Revenues</b>		
<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	
<b>Primary government:</b>			
<b>Governmental Activities:</b>			
Instructional services	\$ 2,081,140	\$ 28,869	\$ -
Instructional support services	372,134	-	-
Pupil transportation services	94,463	140	29,465
Operation and maintenance of plant	436,086	-	-
School administration	191,333	-	-
General administration	109,640	-	-
Food services	146,098	38,366	96,810
Other	41,957	-	-
Facilities acquisition and construction	216,473	-	-
Interest on long-term debt	117,210	-	-
Unallocated depreciation/amortization (Note 4)	105,471	-	-
<b>Total governmental activities</b>	<b>\$ 3,912,005</b>	<b>\$ 67,375</b>	<b>\$ 126,275</b>
<b>Component Units:</b>			
Charter schools	\$ 137,182	\$ 7,487	\$ 8,528
<b>Total Component Units</b>	<b>\$ 137,182</b>	<b>\$ 7,487</b>	<b>\$ 8,528</b>

See accompanying notes to the basic financial statements

<u>Program Revenues</u>	<u>Net (Expenses) Revenues and Changes in Net Assets</u>	
<u>Capital Grants and Contributions</u>	<u>Primary Government Total Governmental Activities</u>	<u>Total Component Units</u>
\$ -	\$ (2,052,271)	\$ -
-	(372,134)	-
-	(64,858)	-
54,032	(382,054)	-
-	(191,333)	-
-	(109,640)	-
-	(10,922)	-
-	(41,957)	-
68,716	(147,757)	-
12,687	(104,523)	-
-	(105,471)	-
<u>\$ 135,435</u>	<u>(3,582,920)</u>	<u>-</u>
<u>\$ 9,347</u>	<u>-</u>	<u>(111,820)</u>
<u>\$ 9,347</u>	<u>-</u>	<u>(111,820)</u>

General Revenues:

Taxes (Note 16):

Property Taxes, Levied for Operational Purposes	1,303,337	-
Property Taxes, Levied for Debt Service	87,786	-
Property Taxes, Levied for Capital Projects	464,681	-
Grants and Contributions Not Restricted to Specific Programs	1,614,868	117,606
Investment Earnings	56,622	48
Miscellaneous	20,518	3,534
Total General Revenues	<u>3,547,812</u>	<u>121,188</u>
Change in Net Assets	(35,108)	9,368
Net Assets - Beginning of Year	1,792,308	37,950
Net Assets - End of Year	<u>\$ 1,757,200</u>	<u>\$ 47,318</u>

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**JUNE 30, 2008**  
(amounts expressed in thousands)

	<b>General</b>	<b>Section 1011.14 F.S. Loans</b>
<b>ASSETS</b>		
Equity in pooled cash and investments	\$ 190,099	\$ 18,933
Cash and cash equivalents	28,666	-
Cash and investments with fiscal agents (Note 12)	-	-
Total cash and investments (Note 3)	218,765	18,933
Taxes receivable, net (Note 16)	96,594	-
Accounts and interest receivable	7,304	94
Due from other agencies (Note 6)	25,712	-
Due from other funds (Note 5)	161,938	77,691
Inventories	16,768	-
Other assets	-	-
Total assets	\$ 527,081	\$ 96,718
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts and contracts payable and accrued expenditures	\$ 76,818	\$ 9,287
Accrued payroll and compensated absences (Notes 8 and 14)	183,463	-
Due to other funds (Note 5)	400	15
Due to other agencies (Note 6)	4,219	-
Unearned revenues	-	-
Notes payable (Note 7)	221,230	150,000
Accrued interest payable	5,558	939
Estimated liability for arbitrage rebate	-	-
Estimated liability for insurance risks and pending claims (Notes 13 and 18)	2,762	-
Retainage payable on contracts	1	4,523
Total liabilities	\$ 494,451	\$ 164,764
<b>Fund balances:</b>		
Reserved for:		
Encumbrances	16,160	52,600
Other assets	-	-
Debt service (Note 12)	-	-
Capital projects funds	-	-
Categorical carry-over programs	8,291	-
Unreserved:		
Designated for estimated rebudgets and obligations	2,243	-
Designated for capital projects	-	-
Undesignated:		
General fund	5,936	-
Special revenue funds	-	-
Capital projects funds	-	(120,646)
Total fund balances	32,630	(68,046)
Total liabilities and fund balances	\$ 527,081	\$ 96,718

See accompanying notes to the basic financial statements

Exhibit 3

Local Optional Millage Levy Funds	Certificates of Participation	Non-major Governmental Funds	Total Governmental Funds
\$ 270,153	\$ 629,102	\$ 172,308	\$ 1,280,595
11,198	10,037	131,118	181,019
-	-	2,590	2,590
<u>281,351</u>	<u>639,139</u>	<u>306,016</u>	<u>1,464,204</u>
35,206	-	6,654	138,454
1,219	2,100	985	11,702
-	-	81,201	106,913
382	4,768	2,191	246,970
-	-	2,818	19,586
22,724	-	-	22,724
<u>\$ 340,882</u>	<u>\$ 646,007</u>	<u>\$ 399,865</u>	<u>\$ 2,010,553</u>
\$ 12,608	\$ 35,229	\$ 27,025	160,967
-	-	4,563	188,026
144,740	14,778	87,037	246,970
-	-	3,217	7,436
-	-	6,606	6,606
-	-	-	371,230
-	-	7,565	14,062
-	3,016	7,617	10,633
-	-	-	2,762
11,027	35,079	12,909	63,539
<u>\$ 168,375</u>	<u>\$ 88,102</u>	<u>\$ 156,539</u>	<u>\$ 1,072,231</u>
76,321	210,035	108,369	463,485
22,724	-	2,239	24,963
-	-	92,157	92,157
-	347,870	-	347,870
-	-	-	8,291
-	-	-	2,243
73,462	-	50,515	123,977
-	-	-	5,936
-	-	(2,130)	(2,130)
-	-	(7,824)	(128,470)
<u>172,507</u>	<u>557,905</u>	<u>243,326</u>	<u>938,322</u>
<u>\$ 340,882</u>	<u>\$ 646,007</u>	<u>\$ 399,865</u>	<u>\$ 2,010,553</u>





**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**JUNE 30, 2008**  
**(amounts expressed in thousands)**

<b>Total Fund Balances – Governmental Funds</b>		<b>\$ 938,322</b>
<p>Amounts reported for governmental activities in the statement of net assets are different as a result of:</p>		
<p>Capital assets used in activities are not financial resources and therefore are not reported as assets in the governmental funds.</p>		
Capital assets	\$ 5,762,199	
Accumulated depreciation	<u>(1,230,676)</u>	4,531,523
<p>Property taxes receivable will be collected within one year, but are not available soon enough to pay for the current period's expenditures, and therefore are not recorded as an asset in the governmental funds.</p>		
		15,740
<p>Deferred charges for issuance costs are not financial resources and therefore are not reported as assets in the governmental funds.</p>		
		22,399
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.</p>		
<p>Long-term liabilities at year-end consist of the following:</p>		
Bonds payable	(488,495)	
Capital leases	(132,751)	
Compensated absences	(265,518)	
Retirement incentive benefits	(3,138)	
Other post-employment benefits obligation	(13,452)	
Salaries payable	(2,125)	
Notes payable	(124,514)	
Certificates of participation	(2,574,831)	
Claims payable	(115,356)	
Interest payable	<u>(30,324)</u>	(3,750,504)
<p>Unearned revenue on Forward Purchase Agreement is treated as proceeds in the governmental funds, but is deferred to future periods in the Statement of Net Assets (amortized over the life of the debt).</p>		
		<u>(280)</u>
<b>Total Net Assets – Governmental Activities</b>		<b><u>\$ 1,757,200</u></b>

See accompanying notes to the basic financial statements

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**  
(amounts expressed in thousands)

	<b>General</b>	<b>Section 1011.14 F.S. Loans</b>
<b>Revenues:</b>		
Local sources:		
Ad valorem taxes (Note 16)	\$ 1,299,604	\$ -
Food service sales	-	-
Interest income	16,420	81
Net increase (decrease) in fair value of investments	582	-
Local grants and other	67,166	-
Total local sources	1,383,772	81
State sources (Note 15):		
Florida education finance program	690,734	-
Public education capital outlay	-	-
Food services	-	-
State grants and other	596,696	-
Total state sources	1,287,430	-
Federal sources:		
Federal grants and other	18,821	-
Food services	-	-
Total federal sources	18,821	-
Total revenues	2,690,023	81
<b>Expenditures:</b>		
Current:		
Instructional services		
Basic programs	1,416,386	-
Exceptional child programs	323,061	-
Adult and vocational-technical programs	105,077	-
Total instructional services	1,844,524	-
Instructional support services		
Pupil transportation services	269,914	-
Operation and maintenance of plant	91,201	-
School administration	430,221	-
General administration	188,828	-
Food services	106,696	-
Community services	-	-
Capital outlay	40,079	-
Debt service (Notes 9, 10, 11 and 12):	17,963	136,212
Principal retirement	1,229	-
Interest and fiscal charges	309	2,455
Total expenditures	2,990,964	138,667
Excess (deficiency) of revenues over (under) expenditures	(300,941)	(138,586)
Other financing sources (uses):		
Transfers in (Note 5)	209,370	185,684
Transfers out (Note 5)	(14,382)	(56,243)
Issuance of debt (Notes 10 and 11)	-	-
Premium on issuance of debt	-	-
Payments to refunded bond escrow agent	-	-
Debt conversion	-	-
Proceeds from sale of capital assets	350	-
Proceeds from loans/leases	852	-
Total other financing sources (uses)	196,190	129,441
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(104,751)	(9,145)
Fund balances - beginning of year	137,381	(58,901)
Fund balances - end of year	\$ 32,630	\$ (68,046)

See accompanying notes to the basic financial statements

Local Optional Millage Levy Funds	Certificates of Participation	Non-major Governmental Funds	Total Governmental Funds
\$ 461,813	\$ -	\$ 87,316	\$ 1,848,733
-	-	38,366	38,366
9,004	20,197	9,939	55,641
190	130	80	982
-	-	16,264	83,430
<u>471,007</u>	<u>20,327</u>	<u>151,965</u>	<u>2,027,152</u>
-	-	-	690,734
-	-	40,825	40,825
-	-	2,630	2,630
-	-	100,221	696,917
-	-	<u>143,676</u>	<u>1,431,106</u>
-	-	328,124	346,945
-	-	87,357	87,357
-	-	<u>415,481</u>	<u>434,302</u>
<u>471,007</u>	<u>20,327</u>	<u>711,122</u>	<u>3,892,560</u>
-	-	143,190	1,559,576
-	-	56,849	379,910
-	-	9,973	115,050
-	-	<u>210,012</u>	<u>2,054,536</u>
-	-	89,024	358,938
-	-	2,708	93,909
-	-	294	430,515
-	-	131	188,959
-	-	8,643	115,339
-	-	147,588	147,588
-	-	1,145	41,224
126,882	457,094	229,204	967,355
-	-	129,405	130,634
338	6,012	127,910	137,024
<u>127,220</u>	<u>463,106</u>	<u>946,064</u>	<u>4,666,021</u>
<u>343,787</u>	<u>(442,779)</u>	<u>(234,942)</u>	<u>(773,461)</u>
2,482	-	170,919	568,455
(365,520)	(77,111)	(55,199)	(568,455)
-	538,305	520,240	1,058,545
-	17,707	14,454	32,161
-	-	(245,279)	(245,279)
-	-	(278,415)	(278,415)
-	-	-	350
-	-	40,034	40,886
<u>(363,038)</u>	<u>478,901</u>	<u>166,754</u>	<u>608,248</u>
(19,251)	36,122	(68,188)	(165,213)
191,758	521,783	311,514	1,103,535
<u>\$ 172,507</u>	<u>\$ 557,905</u>	<u>\$ 243,326</u>	<u>\$ 938,322</u>



**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**  
(amounts expressed in thousands)

**Exhibit 6**

<b>Total Net Change in Fund Balances - Governmental Funds</b>	<b>\$</b>	<b>(165,213)</b>
Amounts reported for governmental activities in the Statement of Activities are different as a result of:		
Property taxes that are not collected within 60 days are not considered available and therefore are not recorded as revenues. However, for the government-wide statements property taxes are recorded when there is an enforceable lien. Additionally, the governmental funds reflect revenues that correspond to the prior year.		
Prior year revenues recorded this year	\$ (8,670)	
Revenues not recorded this year that the government has legal claim to	<u>15,740</u>	7,070
The net effect of various miscellaneous transactions involving capital assets (i.e., change in capitalization threshold, sales, disposals, recoveries and donations) is to decrease net assets.		
		(6,974)
Capital outlay disbursements to purchase or build capital assets are reported as expenditures in the governmental funds. In the Statement of Net Assets, these costs are capitalized and depreciated over their estimated useful lives. In the Statement of Activities the depreciation is reflected as an expense for the period.		
Capital outlay expenditures for the fiscal year	747,622	
Depreciation expense for the fiscal year	<u>(141,952)</u>	605,670
Some of the capital assets acquired during the year were financed with debt instruments. The amount financed by these instruments are recorded as other financing sources in the governmental funds, however, in the government-wide statements they are recorded as additions to long-term liabilities. Proceeds from debt instruments were as follows:		
Proceeds from State Board of Education Capital Outlay Bonds	(8,425)	
Premium on State Board of Education Capital Outlay Bonds	(304)	
Proceeds from refunding of Certificates of Participation	(233,400)	
Premium on refunding of Certificates of Participation	(14,150)	
Proceeds from issuance of Certificates of Participation	(538,305)	
Premium on issuance of Certificates of Participation	(17,707)	
Proceeds from conversion of Certificates of Participation	(278,415)	
Proceeds from Loans/Leases	<u>(46,089)</u>	(1,136,795)
The governmental funds only include those liabilities that will be paid with current financial resources. Expenses recorded in the Statement of Activities exceed the amount recorded in the governmental funds due to the different measurement focus used. Additionally, the governmental funds reflect expenses that correspond to prior year.		
Prior year expenses	10,833	
Other post-employment benefits obligation	(13,452)	
Accrued compensated absences and additional insurance claims payable	<u>(10,389)</u>	(13,008)
Repayment of debt principal is reflected as an expenditure in the governmental funds, however, in the Statement of Net Assets it is reflected as a reduction of liabilities and does not affect the Statement of Activities.		
		130,634
Repayment of debt principal and unamortized loss on advance refunding and conversions is reflected as an other financing use in the governmental funds, however, in the Statement of Net Assets it is reflected as a reduction of liabilities and does not affect the Statement of Activities.		
		523,727
Issuance cost related to the sale of Certificates of Participation and General Obligation School Bonds are reported as expenditures in the governmental funds, however, these costs are capitalized and amortized over the life of the bonds. In the Statement of Activities, amortization is recorded as additional interest expense for the period.		
Issuance costs	8,903	
Amortization of issuance costs	<u>(1,533)</u>	7,370
Interest on long-term debt differs from the amount reported in the governmental funds. In the governmental funds, interest on long-term debt is recorded as an expenditure when due and payable. In the Statement of Activities, interest is recorded as it accrues. In addition, premiums and unearned revenue are amortized over the life of the debt, and are recorded as a reduction of interest expense on the Statement of Activities. Losses incurred as a result of advanced refundings are also amortized over the life of the debt and are recorded as an increase to interest expense on the Statement of Activities.		
Accrued interest payable	(30,324)	
Amortization of premium on Certificates of Participation (COPs)	6,790	
Amortization of premium on General Obligation School Bonds (GOBs)	3,780	
Amortization of Unearned Revenue on Forward Purchase Agreement	172	
Amortization of loss related to advance refunding of COPs	(4,137)	
Amortization of loss related to advance refunding of GOBs	(472)	
Prior year interest paid during current fiscal year	<u>36,602</u>	12,411
<b>Total Change in Net Assets of Governmental Activities</b>	<b>\$</b>	<b><u>(35,108)</u></b>

See accompanying notes to the basic financial statements

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**FIDUCIARY FUNDS**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**JUNE 30, 2008**  
(amounts expressed in thousands)

	<b>Pension Trust Fund</b>	<b>Agency Fund Schools' Internal Fund</b>
	<u>          </u>	<u>          </u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,680	\$ 5,319
Investments		
Bonds	7,057	15,406
Commercial paper	6,290	-
Equity mutual funds	15,764	-
Money market mutual funds	-	2,105
Total cash and investments	<u>30,791</u>	<u>22,830</u>
Interest receivable	-	171
Due from other agencies	-	294
Total assets	<u>\$ 30,791</u>	<u>\$ 23,295</u>
<b>LIABILITIES</b>		
Accounts payable	\$ -	\$ 65
Due to other agencies	-	8,769
Due to student organizations	-	14,461
Total liabilities	<u>-</u>	<u>\$ 23,295</u>
<b>NET ASSETS</b>		
Assets held in trust for pension benefits	<u>30,791</u>	
Total net assets	<u>\$ 30,791</u>	

See accompanying notes to the basic financial statements

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(amounts expressed in thousands)**

	<u>Pension Trust Fund</u>
<b>ADDITIONS:</b>	
Employer contributions (Note 17)	\$ 1,840
Interest on investments	1,071
Net decrease in the fair value of investments	(3,138)
Less investment expenses	<u>(7)</u>
Total additions	<u>(234)</u>
<b>DEDUCTIONS:</b>	
Retirement benefits	4,042
Trustee services	<u>12</u>
Total deductions	<u>4,054</u>
Net decrease	(4,288)
<b>Net assets held in trust for pension benefits at beginning of year</b>	<u>35,079</u>
<b>Net assets held in trust for pension benefits at end of year</b>	<u><u>\$ 30,791</u></u>

See accompanying notes to the basic financial statements

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal year Ended June 30, 2008**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**A. Reporting Entity**

The School Board of Miami-Dade County, Florida (the "School Board", "Board", or the "District") is composed of nine members elected from single-member districts within the legal boundary of Miami-Dade, Florida (the "County"). The appointed Superintendent of Schools is the executive officer of the Board. The School Board is part of the state system of public education under the general direction of the State Board of Education and is financially dependent on state support. However, the Board is considered a primary government for financial reporting purposes because it is directly responsible for the operation and control of District schools within the framework of applicable state law and State Board of Education rules.

The general operating authority of the School Board and the Superintendent is contained in Chapters 1000 through 1013, Florida Statutes. Pursuant to Section 1010.01, Florida Statutes, the Superintendent of Schools is responsible for keeping records and accounts of all financial transactions in the manner prescribed by the State Board of Education.

The accompanying financial statements include those of the District (the primary government) and those of its component units. Component units are legally separate organizations which should be included in the District's financial statements because of the nature and significance of their relationship with the primary government.

The decision to include a potential component unit in the District's reporting entity is based on the criteria stated in Government Accounting Standards Board ("GASB") Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. The application of these criteria provides for identification of any entities that the Board is financially accountable for and other organizations that the nature and significance of their relationship with the School Board are such that exclusion would cause the District's basic financial statements to be misleading or incomplete.

**Blended Component Units**

The Miami-Dade County School Board Foundation, Inc. (the "Foundation"), a Florida not-for-profit corporation, was created solely to facilitate financing for the acquisition and construction of District school facilities and related costs. The members of the School Board serve as the Board of the Foundation, therefore, the School Board is considered financially accountable for the Foundation. The financial activities of the Foundation have been blended (reported as if it were part of the District) with those of the District.

**Discretely Presented Component Units**

On January 16, 2008, the School Board authorized the establishment of the Foundation for Education Innovation, a Florida not-for-profit 501(c)(3) Direct Support Organization (DSO). The DSO was formed to support academic achievement by receiving, holding, investing, and administering property and making expenditures for the benefit of public education programs in the District. The DSO will be organized and operated exclusively in accordance with School Board Rule 6GX13-1B-1.08, School Board Direct-Support Organization, and Florida Statute 1001.453, Direct Support Organization. The DSO had no financial activity during fiscal year 2007-08.



**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal year Ended June 30, 2008**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued:**

**A. Reporting Entity – continued**

All charter schools are recognized as public schools within the District, as such, charter schools are funded on the same basis as the District. Additionally, Florida Statutes Section 1002.33, states that the School Board shall monitor revenues and expenditures of the charter schools. Charter schools are funded from public funds based on membership, and can also be eligible for grants in accordance with the state and federal guidelines, including food service and capital outlay. Additionally, all students enrolled in charter schools are included in the District's total enrollment. Charter schools can accept private donations and incur debt in the operation of the school for which the charter school is responsible.

A total of sixty-three charter schools were approved to operate during fiscal year 2007-08. All of the charter schools are considered component units of the District or another legal entity. For financial reporting purposes, fifty-six of the charter schools should be included in the financial statements of the District as discretely presented component units because of their fiscal dependency on the District, for a majority of their funding. While it would be misleading to exclude them from the District's financial statements, none of the individual component units are considered to be major. Complete financial statements of the individual component units can be obtained by contacting the following schools:

<u>School</u>	<u>School Address</u>	<u>Telephone Number</u>
A Child's Journey Charter School * (a)		
Archimedean Academy	12425 Southwest 72 Street Miami, Florida 33183	305-279-6572
Archimedean Middle Conservatory	12425 Southwest 72 Street Miami, Florida 33183	305-279-6572
Balere Language Academy	10875 Quail Roost Drive Miami, Florida 33157	305-232-9797
Charter on the Beach Middle	1211-1219 Marseille Drive Miami Beach, Florida 33141	786-629-6200
Cooperative Charter School * (a)		
Coral Reef Montessori Academy Charter School	10853 Southwest 216 Street Cutler Bay, FL 33170	305-255-0064
Doctors Charter School of Miami Shores	11301 NW 5 <sup>th</sup> Avenue Miami Shores FL 33168	305-754-2381
Doral Academy	2450 Northwest 97 Avenue Miami, Florida 33172	305-597-9999
Doral Academy Charter Middle School	2601 Northwest 112 Avenue Miami, Florida 33172	305-591-0020
Doral Academy High School	11100 Northwest 27 Street Miami, Florida 33172	305-597-9950
Doral Performing Arts & Entertainment Academy	11100 Northwest 27 Street Miami, Florida 33172	305-597-9950
Downtown Miami Charter School	305 Northwest 3rd Avenue Miami, Florida 33128	305-579-2112

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal year Ended June 30, 2008**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued:**

**A. Reporting Entity – continued**

<u>School</u>	<u>School Address</u>	<u>Telephone Number</u>
Excel Academy Charter School * (b)	3650 N. Miami Avenue Miami, Florida 33127	305-572-1414
Excel Academy Middle Charter School * (b)	3650 N. Miami Avenue Miami, Florida 33127	305-572-1414
Florida International Academy	7630 Biscayne Boulevard Miami, Florida 33138	305-758-6912
Florida School for Integrated Academics & Technologies	12350 SW 285 St. Homestead, Florida 33033	305-258-9477
International Studies Charter High School	396 Alhambra Circle Coral Gables, Florida 33134	305-442-7449
Keys Gate Charter School	2000 SE 28 Ave. Homestead, Florida 33035	305-230-1616
Lawrence Academy	777 West Palm Drive Florida City, Florida 33034	305-247-4800
Lawrence Academy Senior High Charter School	777 West Palm Drive Florida City, Florida 33034	305-247-4800
Liberty City Charter School * (a)		
Life Skills Center Dade County	3555 NW 7 <sup>th</sup> St. Miami, Florida 33125	305-643-9111
Life Skills Center Liberty City	7900 NW 27 Avenue Miami, Florida 33147	305-691-2499
Life Skills Center Opa Locka	3400 NW 135 St. Opa locka, Florida 33054	305-685-1415
Mater Academy	7700 NW 98 St. Hialeah Gardens, FL 33016	305-698-9900
Mater Academy Charter High School	7901 NW 103 Street Hialeah Gardens, FL 33016	305-828-1886
Mater Academy Charter Middle School	7901 NW 103 Street Hialeah Gardens, FL 33016	305-828-1886
Mater Academy East Charter High School	998 SW 1st Street Miami Florida 33130	305-324-6963
Mater Academy East Charter School	450 Southwest 4 Street Miami, Florida 33130	305-324-4667
Mater Academy East Middle School	998 SW 1st Street Miami Florida 33130	305-324-4667
Mater Academy Gardens	9010 NW 178 Ln. Hialeah, Florida 33018	305-512-9775
Mater Academy Gardens Middle School	9010 NW 178 Ln. Hialeah, Florida 33018	305-512-9775
Mater Academy Lakes High School	9010 NW 178 Ln. Hialeah, Florida 33018	305-512-3917
Mater Academy Lakes Middle School	9010 NW 178 Ln. Hialeah, Florida 33018	305-512-3917
Mater Performing Arts & Entertainment Academy	7901 Northwest 103 Street Hialeah Gardens, FL 33016	305-828-1886

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal year Ended June 30, 2008**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. Continued:**

**A. Reporting Entity – continued**

<u>School</u>	<u>School Address</u>	<u>Telephone Number</u>
Miami Children's Museum Charter School	980 McArthur Causeway Miami, Florida 33132	305-329-3758
Miami Community Charter School	101 South Redland Road Florida City, Florida 33034	305-245-2552
Miami Community Charter Middle School	101 South Redland Road Florida City, Florida 33034	305-245-2552
Oxford Academy of Miami	10870 SW 113 Place Miami, Florida 33176	305-598-4494
Pinecrest Academy (South Campus)	15130 SW 80 Street Miami, Florida 33193	305-386-0800
Pinecrest Academy Charter Middle School	14301 SW 42 St. Miami, Florida 33175	305-207-1027
Pinecrest Preparatory Academy	14301 SW 42 St Miami, Florida 33175	305-207-1027
Renaissance Elementary Charter School	8360 NW 33 Street Doral, Florida 33122	305-591-2225
Renaissance Middle Charter School	8360 NW 33 Street Miami, Florida 33122	305-591-2225
Rosa Parks/Florida City * (a)		
Sandor Wiener School of Opportunity, North	Main Campus: 20000 NW 47 Ave., #7 Miami Gardens, FL 33055	305-623-9631
Sandor Wiener School of Opportunity, South	Main Campus: 11025 SW 84 St -Bldg-5 Miami, Florida 33173	305-279-3064
Somerset Academy	18491 SW 134 Avenue Miami, Florida 33177	305-969-6074
Somerset Academy Charter High School	23255 SW 115 Ave Homestead, Florida 33032	305-257-3737
Somerset Academy Charter Middle School	18491 SW 134 Avenue Miami, Florida 33177	305-969-6074
Somerset Academy at Silver Palms	23255 SW 115 Ave Homestead, Florida 33032	305-257-3737
Spirit City Academy * (b)	285 NW 199 ST Miami, FL 33169	305-614-0451
Summerville Advantage Academy	11575 SW 243 Street Homestead, FL 33032	305-253-2123
The Charter School at Waterstone	855 Waterstone Way Homestead, FL 33033	305-248-6206
Theodore & Thelma Gibson Charter School	450 SW 4 St. Miami, FL 33130	305-324-1335

\* Audited financial statements were not available at the time of publication.

(a) School ceased operations effective June 30, 2008.

(b) The School Board approved termination of the contract on November 18, 2008.

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal year Ended June 30, 2008**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued:**

**B. Basis of Presentation**

The District's accounting policies conform with accounting principles generally accepted in the United States applicable to state and local governmental units. Accordingly, the basic financial statements include both the government-wide and fund financial statements.

**Government-wide Statements** - The Statement of Net Assets and the Statement of Activities present information about the financial activities of the District as a whole, and its component units, excluding fiduciary activities. Eliminations have been made from the statements to remove the "doubling-up" effect of interfund activity.

The Statement of Activities reports expenses identified by specific functions, offset by program revenues, resulting in a measurement of "net (expense) revenue" for each of the District's functions. Program revenues that are used to offset these expenses include charges for services, such as food service and tuition fees; operating grants, such as the National School Lunch Program, Federal Grants, and other state allocations; and capital grants specific to capital outlay. In addition, revenues not classified as program revenues are shown as general revenues.

**Fund Financial Statements** - The fund financial statements provide information about the District's funds, including fiduciary funds. Separate statements for governmental and fiduciary funds are presented. The emphasis of the fund financial statements is on the major funds which are presented in a separate column with all non-major funds aggregated in a single column.

The District reports the following major governmental funds:

General Fund is the District's primary operating fund and accounts for all financial resources of the District, except those required to be accounted for in another fund.

Section 1011.14 F.S. Loans Fund accounts for and reports on proceeds received from the issuance of the Revenue Anticipation Notes, used to pay or reimburse the capital outlay funds for the cost of acquisition, construction and equipping modular classrooms.

Capital Improvement - Local Optional Millage Levy (LOML) Funds account for and report on funds levied by the school district, as authorized by Capital Improvement Section, 1011.71, Florida Statutes, for capital outlay purposes.

Certificate of Participation (COPs) Funds account for and report on funds received from the issuance of Certificates of Participation, used for the acquisition and construction of schools and ancillary schools. Also included are the Qualified Zone Academy Bonds used for renovations on existing schools.

The District also reports the following fiduciary funds:

Agency Fund – School's Internal Fund accounts for resources of the schools' Internal Fund which is used to administer monies collected at the schools in connection with school, student athletics, class, and club activities.

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal year Ended June 30, 2008**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued:**

**B. Basis of Presentation - continued**

Pension Trust Fund accounts for resources used to finance the District's Supplemental Early Retirement Plan.

**C. Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Revenues from non-exchange transactions are reported according to Governmental Accounting Standards Board (GASB) Statement No. 33, Accounting and Financial Reporting for Non-Exchange Transactions, as amended by GASB Statement No. 36, Recipient Reporting for Certain Shared Non-Exchange Revenues, they include, taxes, grants and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues except for certain grant revenues, are recognized when susceptible to accrual, that is, when they become measurable and available. "Measurable" means the amount of the transaction can be determined; "available" means collectible within the current period or soon thereafter to be used to pay liabilities of the current period. Property taxes, interest and certain General Fund revenues are the significant revenue sources considered susceptible to accrual. The School Board considers property taxes as available if they are collected within 60 days after fiscal year-end. Florida Education Finance Program revenues are recognized when received. A one-year availability period is used for revenue recognition for all other governmental fund revenues. When grant terms provide that the expenditure of funds is the prime factor for determining eligibility for federal, state, and other grant funds, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred. The principal exceptions to this general rule are: (1) interest on general long-term debt is recognized as expenditures when due; and (2) expenditures related to liabilities reported as general long-term debt are recognized when due.

The Pension Trust Fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the Statement of Fiduciary Net Assets. The Statement of Changes in Fiduciary Net Assets presents increases (revenues) and decreases (expenses) in fund equity (total net assets).

**D. New Pronouncements**

GASB 49, Accounting and Financial Reporting for Pollution Remediation Obligations, provides guidance on how to calculate and report the costs and obligations associated with pollution cleanup efforts. The requirements of the new statement become effective for fiscal periods beginning after December 15, 2007.

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal year Ended June 30, 2008**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued:**

**D. New Pronouncements - continued**

GASB 50, *Pension Disclosures*. This statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits. The requirements of the new statement become effective for fiscal periods beginning after June 15, 2007 except for the requirement for plans that use the aggregate actuarial cost method to present a schedule of funding progress using the entry age actuarial cost method which is effective for the actuarial valuations as of June 15, 2007.

GASB 51, *Accounting and Financial Reporting for Intangible Assets*. This statement establishes accounting and financial reporting requirements for intangible assets including easements, water rights, timber rights, patents, trademarks, and computer software. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009.

**E. Cash, Cash Equivalents, and Investments**

The District maintains an accounting system in which substantially all general School Board cash, investments, and accrued interest are recorded and maintained in a separate group of accounts. Investment income is allocated based on the proportionate balances of each fund's equity in pooled cash and investments. The cash and investment pool is available for all funds, except the State Board of Education Bonds, Certificates of Participation and other debt related funds requiring separate accounts.

Cash deposits are held by banks qualified as public depositories under Florida law. All deposits are insured by federal depository insurance and/or collateralized with securities held in Florida's multiple financial institution collateral pool as required by Florida Statutes, Chapter 280. Cash and cash equivalents are considered to be cash on hand, demand deposits, non-marketable time deposits, money market accounts and funds.

Investments are carried at fair value and include U.S. Agency obligations, commercial paper, and Money Market Mutual Funds. Pension Trust Fund investments are recorded at fair value and include: commercial paper, corporate bonds, money market funds and corporate stocks.

**F. Inventory**

Inventories consist of expendable supplies held for consumption in the course of the District's operations. Inventories are stated at cost, principally on a weighted average cost basis. Commodities from the United States Department of Agriculture are stated at their fair market value as determined at the time of donation by the Florida Department of Agriculture and Consumer Services. Commodities inventory is accounted for using the "purchases" method that expense inventory when acquired and inventories on hand at fiscal year end are reported as an asset and a reservation of fund balance. Non-commodity inventory is accounted for under the consumption method and as such is recorded as an expenditure when used. Since inventories of commodities also involve purpose restrictions they are presented as restricted net assets in the government-wide statement of net assets.

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal year Ended June 30, 2008**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued:**

**G. Due From Other Governments or Agencies**

Amounts due to the District by other governments or agencies are for grants or programs under which the services have been provided to the community by the District.

**H. Other Assets**

Other assets consist mainly of prepaid expenses which are recognized upon the receipt of the goods or services that were received but not consumed at year-end. The expenditure will be recorded when the asset is used. Accordingly, prepaid expenses are equally offset by a fund balance reserve account.

**I. Restricted Net Assets**

Certain proceeds from bonds and Certificates of Participation (COP) issuances, as well as resources for debt service payments are classified as restricted net assets on the Statement of Net Assets because their use is limited by applicable bond covenants and restrictions.

When both restricted and unrestricted net assets are available for a specific purpose, it is the District's policy to use restricted net assets first, until exhausted, before using unrestricted resources.

**J. Capital Assets**

Capital assets which include, land, buildings, building improvements, furniture, fixtures and equipment, and motor vehicles are reported in the Statement of Net Assets in the government-wide statements. The District's capitalization threshold for furniture, fixtures and equipment is \$1,000 or greater. Building improvements, additions, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Assets are recorded at historical cost. Assets purchased under capital leases are recorded at cost, which approximates fair value at acquisition date and does not exceed the present value of future minimum lease payments. Donated assets are recorded at the fair market value at the time of receipt. Certain costs incurred in connection with developing or obtaining internal use software are capitalized and reflected in software development in progress in the Statement of Net Assets in the government-wide statements.

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

	<u>Useful Life (Years)</u>
Buildings and Improvements	20 - 50
Furniture, Fixtures and Equipment	5 - 20
Vehicles	7 - 18

When capital assets are sold or disposed of, the related cost and accumulated depreciation are removed from the accounts, and the resulting gain or loss is recorded in the government-wide statements.

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal year Ended June 30, 2008**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. Continued:**

**K. Long-Term Debt and Compensated Absences**

The government-wide financial statements report long-term liabilities or obligations that are expected to be paid in the future. Long-term liabilities reported include bonds, Certificates of Participation (COPs), capital leases, vested vacation and sick pay benefits, estimate for anticipated non-vested sick pay benefits, and Post Retirement Benefits payable in future years. Bond premiums/discounts are amortized over the life of the bonds using the effective-interest method; while deferred loss on advance refundings and issuance costs are amortized over the shorter of the remaining life of the refunded bonds or the life of the new bonds in a systematic and rational method, which approximates the effective-interest method.

In the fund financial statements, bond premiums and discounts, as well as issuance costs are recognized in the period they are issued. Proceeds, premiums, and discounts are reported as other financing sources. Issuance costs, are reported as debt service expenditures.

**L. State Revenue Sources**

Revenues from state sources for current operations are primarily from the Florida Education Finance Program (FEFP), administered by the Florida Department of Education (FDOE), under the provisions of Section 1011.62, Florida Statutes. The District files reports on full-time equivalent (FTE) student membership with the FDOE. The FDOE accumulates information from these reports and calculates the allocation of FEFP funds to the District. After review and verification of FTE reports and supporting documentation, the FDOE may adjust subsequent fiscal period allocations of FEFP funding for prior year errors disclosed by its review as well as to prevent statewide allocations from exceeding the amount authorized by the Legislature. Normally, such adjustments are treated as reductions of revenue in the year the adjustment is made.

The District receives revenue from the state to administer certain categorical educational programs. State Board of Education rules require that revenue earmarked for these programs be expended only for the program for which the money is provided and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical educational programs. Any unused money is returned to the FDOE and so recorded in the year when returned.

The state allocates gross receipt taxes, generally known as Public Education Capital Outlay (PECO) money, to the District on an annual basis for capital and other projects. The District is authorized to expend these funds only upon applying for and receiving an encumbrance authorization from the FDOE. Accordingly, the District recognizes the allocation of PECO funds as deferred revenue until such time as the encumbrance authorization is approved.

**M. Property Taxes - Revenue Recognition**

In the government-wide financial statements, property tax revenue is recognized when levied. The receivable is recorded net of an estimated uncollectible, which is based on past collection experience. In the fund financial statements, property tax revenue is recognized when taxes are received. Year-end revenue is accrued for taxes collected by the County Tax Collector and received by the District within 60 days subsequent to fiscal year-end.



**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal year Ended June 30, 2008**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. Continued:**

**N. Unearned Revenue**

Funding for the Public Education Capital Outlay (PECO) programs are appropriated by the Legislature, however, revenue recognition is deferred until an encumbrance authorization is approved.

The non-current portion of unearned revenue in The Statement of Net Assets relates to a forward purchase agreement. (See Note 11)

**O. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal year Ended June 30, 2008**

**2. BUDGETS COMPLIANCE AND ACCOUNTABILITY:**

**A. Legal Compliance**

The annual budget is submitted to the Florida Commissioner of Education by major functional levels such as instructional, instructional support, general administration, maintenance, etc. Expenditures may not exceed appropriations without prior approval of the School Board in the General Fund and Special Revenue Funds at the function level. Budgetary control is exercised at the fund level for all other funds.

Florida Statutes, Section 1013.61, requires that the capital outlay budget designate the proposed capital outlay expenditures by project for the year from all fund sources. Accordingly, annual budgets for the Capital Project Funds are adopted on a combined basis only.

Budgeted amounts may be amended by resolution of the Board at any Board meeting prior to the due date for the Annual Financial Report (State Report). General Fund budgetary disclosure in the accompanying financial statements reflects the final budget including all amendments approved for the fiscal year through September 10, 2008.

Appropriations lapse at fiscal year-end, except for unexpended appropriations of categorical grants, outstanding purchase orders, contracts, and certain available balances. These balances are reflected at year-end either as reserved fund balance or designated, unreserved fund balance, and are re-appropriated in the new fiscal year.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

**B. Deficit Fund Equity**

Section 1011.14 F.S. Loans Fund has an accumulated deficit balance of \$(68.0) million at June 30, 2008. The District is utilizing a Revenue Anticipation Note for interim financing of capital projects, of which \$150.0 million was outstanding at June 30, 2008. This deficit was a result of recognizing capital outlay expenditures in this fund, and not recognizing the proceeds from the line of credit as other financing sources, but instead, as a short-term liability pursuant to generally accepted accounting principles. The District plans to eliminate the deficit through the issuance of Certificates of Participation or other capital sources during fiscal year 2008-09.

Master Equipment Lease Fund has an accumulated deficit balance of \$(4.4) million at June 30, 2008. This deficit was a result of recognizing capital outlay expenditures in this fund, and not recognizing the proceeds until the funds are drawn against the Master Equipment Lease. The District plans to eliminate this deficit with the Master Equipment Lease drawdowns during fiscal year 2008-09.

**C. Comparison of Budget to Actual Results**

The budgets for each of the Governmental Funds are accounted for on the modified accrual basis of accounting.

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal year Ended June 30, 2008**

**3. CASH, CASH EQUIVALENTS, AND INVESTMENTS:**

**Deposits and Investments**

The District's surplus funds are invested directly by the District's Office of Treasury Management. Investments of the District's State Board of Education (SBE) bond proceeds held and administered by the SBE are made by the State Board of Administration.

As authorized under State Statutes the School Board has adopted School Board Rule 6Gx13-3B1.01, Deposit and Investment Policies for School Board Funds, (Investment Policy) as its formal Investment Policy for all surplus funds, except for the Supplemental Early Retirement Funds, which are invested under School Board Rule 6Gx13- 4D1.102. School Board Rule 6Gx 13- 3B1.01 policies permit the following investments and are structured to place the highest priority on the safety of principal and liquidity of funds:

- Time Deposits – School Board and State approved designated depository
- US Government direct obligations
- Revolving Repurchase Agreements or similar investment vehicles for the investment of funds awaiting clearance with financial institutions
- Commercial Paper rated A1/P1/F1 or better
- Bankers Acceptances with the 100 largest banks in the world
- State Board of Administration Local Government Investment Pool
- Obligations of the Federal Farm Credit Bank
- Obligations of the Federal Home Loan Bank
- Obligations of the Federal Home Loan Mortgage Corporation
- Obligations guaranteed by the Government National Mortgage Association
- Obligations of the Federal National Mortgage Association
- Securities of any investment company of investment trust registered under the Investment Company Act of 1940, 15 U.S.C.

In addition, under School Board Rule 6Gx13- 4D1.102, Early Retirement Plan – Investment Policies, the following investments are also permitted.

- Corporate or Taxable Government Bonds
- Equity Securities including index funds and actively managed mutual funds

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal year Ended June 30, 2008**

**3. CASH, CASH EQUIVALENTS, AND INVESTMENTS. Continued:**

Cash, cash equivalents, and investments for governmental and fiduciary funds of the District as of June 30, 2008 were as follows:

<u>Investment Type</u>	<u>Fair Value (In Thousands)</u>	<u>Weighted Average Maturity (Years)</u>
U.S. Government Agency	\$ 354,245	0.86
Commercial Paper (less than 5% per issuer)	619,381	0.16
Money Market Mutual Funds	310,808	0.14
State Board of Education - COBI	2,589	-
Guaranteed Investment Contract	19,965	6.48
Corporate Bonds - Pension Trust Fund	7,056	1.82
<b>Total Debt Investments</b>	<b>\$ 1,314,044</b>	<b>0.45</b>
Corporate Stocks - Pension Trust Fund	15,763	
<b>Total Investments</b>	<b>\$ 1,329,807</b>	
Cash and Cash Equivalents	188,018	
<b>Total Cash and Investments</b>	<b>\$ 1,517,825</b>	

At June 30, 2008, \$817.4 million in cash and investments relate to unspent proceeds pertaining to various financings including the City of Miami College of Policing Interlocal Construction Agreement, City of North Miami Educational Facilities Construction Notes and Certificates of Participation (COP's), which are restricted assets whose use is limited to projects primarily related to the acquisition and construction of school facilities and equipment as authorized by Board Resolutions and Debt Covenants.

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal year Ended June 30, 2008

**3. CASH, CASH EQUIVALENTS, AND INVESTMENTS. Continued:**

**Interest Rate Risk:** In accordance with its investment policy under Board Rule 6Gx13- 3B-1.01, the School Board manages its exposure to declines in fair values by substantially limiting the weighted average maturity on all investments to one year or less. U.S. Government Agency Securities include \$102,961,187 in callable securities that are assumed to be called on the next call date, and as such the weighted average maturity reflect the call date as the maturity date for these securities. U.S. Government Agency Securities include \$13,984,792 in step-up securities with 1.82 years weighted average maturities.

**Credit Risk:**

<u>Investment Type</u>	<u>Rating *</u>	<u>Percentage of Debt Investments</u>
Federal Farm Credit Bank	AAA	3.51 %
Federal Home Loan Bank	AAA	12.78 %
Federal Home Loan Mortgage Corporation	AAA	8.77 %
Federal National Mortgage Association	AAA	1.57 %
Commercial Paper	A1+	46.57 %
Money Market Mutual Funds	AAAm	23.38 %
State Board of Education – COBI	Not Rated	0.19 %
Guaranteed Investment Contract	Not Rated	1.50 %
Corporate Bonds – Pension Trust Fund	AA	0.08 %
Corporate Bonds – Pension Trust Fund	A	0.25 %
Corporate Bonds – Pension Trust Fund	B	0.20 %

\* Standards & Poor's ratings as of June 30, 2008.

**Concentration Risks:** The District permits up to 20% in Federal Home Loan Bank, 20% in Federal Home Loan Mortgage Corporation agency securities, and up to 7.5% in Commercial Paper with a single issuer of which all were less than 5% of total investments.

**Cash/Deposits**

The District's cash deposits include money market, demand deposits and petty cash. All bank balances of the District are fully insured or collateralized. At June 30, 2008, the deposit's fair value and bank balances were \$188,018,220.

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal year Ended June 30, 2008**

**4. CAPITAL ASSETS:**

Capital asset balances and activity for the fiscal year ended June 30, 2008 were as follows (in thousands):

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2008</u>
<b>Non-Depreciable Capital Assets:</b>				
Land	\$ 272,547	\$ 45,850	\$ -	\$ 318,397
Land Improvements	107,876	44,920	-	152,796
Construction-in-Progress	757,694	627,667	(769,747)	615,614
Software Development in Progress	-	19,009	-	19,009
<b>Total Non-Depreciable Capital Assets</b>	<u>1,138,117</u>	<u>737,446</u>	<u>(769,747)</u>	<u>1,105,816</u>
<b>Depreciable Capital Assets:</b>				
Buildings and Improvements	3,460,384	757,208	(6,562)	4,211,030
Furniture, Fixtures, and Equipment	306,554	22,044	(28,456)	300,142
Motor Vehicles	150,168	1,636	(6,593)	145,211
<b>Total Depreciable Capital Assets</b>	<u>3,917,106</u>	<u>780,888</u>	<u>(41,611)</u>	<u>4,656,383</u>
<b>Less Accumulated Depreciation for:</b>				
Building and Improvements	897,082	104,364	(5,728)	995,718
Furniture, Fixtures, and Equipment	171,410	28,385	(22,767)	177,028
Motor Vehicles	53,623	9,203	(4,896)	57,930
<b>Total Accumulated Depreciation</b>	<u>1,122,115</u>	<u>141,952</u>	<u>(33,391)</u>	<u>1,230,676</u>
<b>Net Capital Assets</b>	<u>\$ 3,933,108</u>	<u>\$ 1,376,382</u>	<u>\$ (777,967)</u>	<u>\$ 4,531,523</u>

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal year Ended June 30, 2008**

**4. CAPITAL ASSETS, Continued:**

For fiscal year ended June 30, 2008, depreciation by function is as follows:

<u>Functions</u>	<u>Amount (in thousands)</u>
Instructional Services	\$ 8,054
Instructional Support Services	2,543
Pupil Transportation Services	7,317
Operation and Maintenance of Plant	3,205
School Administration	691
General Administration	241
Food Services	1,309
Other	42
Facilities Ancillary Support	13,079
Unallocated to a specific function	105,471
<b>Total Depreciation</b>	<b>\$ 141,952</b>

Construction-in-progress and related commitments are comprised of the following (in thousands):

	<u>Incurred To Date</u>
Elementary Schools	\$ 246,999
Middle Schools	85,241
Senior High Schools	257,094
Special Schools	1,805
Administration/Other	24,475
<b>TOTAL</b>	<b>\$ 615,614</b>

As part of its capital outlay program, the District has entered into various construction contracts. At June 30, 2008, the District had construction commitments of approximately \$460 million.

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
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For the Fiscal year Ended June 30, 2008

**5. INTERFUND RECEIVABLES, PAYABLES AND OPERATING TRANSFERS:**

Interfund receivables and payables consisted of the following balances as of June 30, 2008 (in thousands):

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
<b>Major Funds:</b>		
General Fund	\$ 161,938	\$ 400
Section 1011.14 F.S. Loans	77,691	15
Capital Improvement LOML	382	144,740
Certificates of Participation	4,768	14,778
<b>Total Major Funds</b>	<u>\$ 244,799</u>	<u>\$ 159,933</u>
<b>Total Non-Major Funds</b>	<u>2,191</u>	<u>87,037</u>
<b>Totals</b>	<u><u>\$ 246,970</u></u>	<u><u>\$ 246,970</u></u>

Most of the interfund activity represents reimbursement to the General Fund for payments made on behalf of other funds.

A summary of operating transfers for the year ended June 30, 2008 were as follows (in thousands):

<b>Transfers to:</b>					
<b>Transfers from:</b>	<u>General Fund</u>	<u>Section 1011.14 F.S. Loans</u>	<u>Capital Improvement LOML</u>	<u>Non- Major Funds</u>	<u>Total</u>
<b>Major Funds:</b>					
General Fund	\$ -	\$ -	\$ 2,482	\$ 11,900	\$ 14,382
Section 1011.14 F.S. Loans	-	56,243	-	-	56,243
Capital Improve- ment LOML	173,784	77,546	-	114,190	365,520
Certificates of Participation	-	51,895	-	25,216	77,111
<b>Non-Major Funds</b>	35,586	-	-	19,613	55,199
<b>Total</b>	<u><u>\$ 209,370</u></u>	<u><u>\$ 185,684</u></u>	<u><u>\$ 2,482</u></u>	<u><u>\$ 170,919</u></u>	<u><u>\$ 568,455</u></u>

The transfers to the General Fund relate to funding for the building, maintenance, renovation and/or repair of school facilities, pursuant to Section 1011.71 of the Florida Statutes. Transfers to other non-major funds relate to the Food Service Fund.



**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal year Ended June 30, 2008**

**6. RECEIVABLES/PAYABLES FROM OTHER AGENCIES:**

Receivables at June 30, 2008, were as follows (in thousands):

	<u>General Fund</u>	<u>Non-Major Funds</u>	<u>Total</u>
<b>Due From Other Agencies</b>			
<b>Federal Government:</b>			
Medicaid Federal	\$ 6,400	\$ -	\$ 6,400
Food Service Reimbursement	-	2,462	2,462
Fund For The Improvement of Education	-	1,008	1,008
Magnet Schools	-	1,174	1,174
Miscellaneous Federal	246	2,219	2,465
<b>State Government:</b>			
Department of Education SBE CO&DS	-	8,690	8,690
Public Education Capital Outlay	-	6,447	6,447
K-3 Class Size Reduction	-	255	255
Classrooms For Kids	-	17,517	17,517
IDEA Part B	-	14,802	14,802
Title I	-	5,427	5,427
Title II	-	9,022	9,022
SAVES	-	1,699	1,699
FEMA	687	-	687
Miscellaneous State	160	7,803	7,963
<b>Local Government:</b>			
Miscellaneous Local	8,825	1,396	10,221
Miami-Dade County	-	1,280	1,280
E-Rate	7,194	-	7,194
Driver's Education Program	2,200	-	2,200
<b>Total</b>	<b>\$ 25,712</b>	<b>\$ 81,201</b>	<b>\$ 106,913</b>

Payables at June 30, 2008, were as follows (in thousands):

	<u>General Fund</u>	<u>Non-Major Funds</u>	<u>Total</u>
<b>Due To Other Agencies</b>			
<b>Federal Government:</b>			
Miscellaneous Federal	\$ -	\$ 1,032	\$ 1,032
<b>State Government:</b>			
Miscellaneous State	33	810	843
<b>Local Government:</b>			
Charter Schools	3,892	-	3,892
Miscellaneous Local	294	1,375	1,669
<b>Total</b>	<b>\$ 4,219</b>	<b>\$ 3,217</b>	<b>\$ 7,436</b>

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal year Ended June 30, 2008**

**7. SHORT-TERM DEBT**

Short-term debt activity for the fiscal year ended June 30, 2008, was as follows (in thousands):

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2008</u>
Tax Anticipation Note (TAN), Series 2007, issued on October 5, 2007. Effective yield of 3.418%, with a maturity date of October 3, 2008.	\$ -0-	\$ 220,000	\$ -0-	\$ 220,000
Revenue Anticipation Note (RAN) Series 2007A line of credit, issued on February 28, 2007 with a maturity date of January 31, 2008. Interest rate to be applied to the unpaid balance, not to exceed \$220,000, will be a variable rate equal to the sum of the Securities Industry and Financial Markets Association (SIFMA) index plus .35% per annum. The effective yield as of June 30, 2008, was 4.08%	48,846	52,444	101,290	-0-
Revenue Anticipation Note (RAN), Series 2008A, issued on January 31, 2008, effective yield of 1.950%, with a maturity date of May 29, 2008.	-0-	66,000	66,000	-0-
Revenue Anticipation Note (RAN), Series 2008B, issued on May 20, 2008, effective yield of 1.890%, with a maturity date of January 30, 2009.	-0-	150,000	-0-	150,000
<b>Total</b>	<b>\$ 48,846</b>	<b>\$ 488,444</b>	<b>\$ 167,290</b>	<b>\$ 370,000</b>

Proceeds from the TAN were used as a working capital reserve in the General Fund as permitted under state and federal tax laws. The proceeds from the 2008A and 2008B (RANs) were used to reimburse the capital outlay funds for repair and renovation of existing facilities and new capacity projects, and retire a portion of the previously issued RANs.

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal year Ended June 30, 2008**

**8. COMPENSATED ABSENCES:**

The District's employee vacation and sick leave policies provide for the granting of a specific number of days of vacation based on years of service governed by applicable labor contracts and one day of sick leave with pay per each month of employment. Active employees, excluding administrators, may request payment of 80% of their unused sick leave which has accumulated during the fiscal year, provided they have not used more than three sick/personal days during that time and have a remaining balance, after payment, of twenty-one days. These policies also provide for paying most employees unused vacation up to 60 days upon termination, and up to 100% of unused sick leave after thirteen years of service; 50% after ten years; 45% after six years; 40% after three years and 35% during the first three years of qualified service upon retirement, death or resignation. Vacation accrual is limited to 60 days for twelve-month active employees.

The School Board approved the adoption of the Miami-Dade County Public Schools Terminal Leave Retirement Program (TLRP) at its May 14, 2003 Board meeting. The TLRP Program consists of a tax-favored retirement plan, which allows the Board to direct accrued annual (vacation) leave or terminal sick leave (accrued sick days) for employees who are separating from service as a result of retirement, or entering into or continuing DROP, to a tax-sheltered annuity program, or other qualified plan, in lieu of a taxable cash payment to the employee, upon separation from service.

The program is mandatory as a result of Board action which became effective on May 15, 2003, for all personnel (except AFSCME employees) who will have their annual (vacation) leave and terminal sick leave automatically contributed to either the Board's Tax Sheltered Annuity 403(b) or 401(a) Programs. Contributions into this program will not be subject to either Federal Income Tax (estimated 27%) or Social Security Tax (FICA) of 7.65%. Any amount of accrued terminal leave in excess of the amounts authorized by the IRS will be paid out to the retiring employee and will be subject to applicable taxes.

The current portion (the amount expected to be liquidated with current available resources) of the accumulated vested vacation and anticipated sick leave payments is recorded in the General Fund and is included in accrued payroll and compensated absences. The liabilities recorded include provisions for the employer's portion of pension contributions, FICA and other fringe benefits on the vested vacation and sick leave as applicable. At June 30, 2008, the accrued liability for compensated absences in the General Fund was \$8,933 (in thousands).

Governmental Accounting Standards Board (GASB) Statement No. 16, *Accounting for Compensated Absences*, requires governmental agencies to record as a liability the vested and future rights to sick and/or vacation leave. Accordingly, the probability of partially vested employees becoming fully vested and actual past termination payment experience in the determination of this liability was considered.

The statement of net assets reflects both the current and long-term portions of compensated absences including retirement incentive benefits. At June 30, 2008, the current and long-term portions were \$16,900 and \$260,689 respectively (in thousands).

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal year Ended June 30, 2008**

**9. CAPITAL LEASES:**

The District has entered into various capital lease agreements for the acquisition of certain property, vehicles, and equipment which are stated at acquisition cost and included as part of our Capital Assets. At June 30, 2008, the amount of leased equipment recorded in Capital Assets was \$87,658,968. Additionally, \$32,620,178 of unspent proceeds relating to the Master Equipment Lease Agreement is disclosed as restricted cash and investments at June 30, 2008 in Note 3.

The following is a summary of the future minimum lease payments under capital leases together with the present value of the minimum lease payments as of June 30, 2008 (in thousands):

<b>Fiscal Year</b>	<b>Total</b>
2009	\$ 26,586
2010	25,504
2011	25,169
2012	21,340
2013	21,064
2014 – 2017	<u>30,967</u>
Total Minimum Lease Payments	150,630
Less - Amount Representing Interest	<u>17,879</u>
<b>Present Value of Minimum Lease Payments</b>	<b>\$ <u><u>132,751</u></u></b>

The amount representing interest was calculated using imputed rates ranging primarily from 0.00% to 16.00%.

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
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**10. NOTES AND LONG-TERM BONDS PAYABLE:**

**NOTES PAYABLE:**

**City of North Miami, Florida Educational Facilities Construction Notes**

On October 25, 2006, the District entered into an interlocal agreement with the City of North Miami (the "City"), to provide for the financing, construction and acquisition of two public high schools located within the City. In accordance with the interlocal agreement, the City issued its Florida Educational Facilities Construction Notes, Series 2006, in the aggregate principal amount of \$124,000,000. The proceeds are to be used to provide construction financing for a portion of the costs of the high schools. The District agreed to oversee the design, development, and construction of the high schools and provide permanent financing of the high schools from the proceeds of Certificates to be issued in fiscal year 2009-10. Through June 30, 2008, the District has incurred \$48.5 million in construction costs.

**LONG-TERM BONDS PAYABLE:**

**State Board of Education Capital Outlay Bonds**

Capital Outlay Bonds are issued by the State Board of Education (SBE) on behalf of the District and are generally referred to as "SBE Bonds." The bonds mature serially and are secured by a pledge of the District's portion of the state revenues derived from the sale of automobile license plates. Principal and Interest payments, investment of Debt Service Fund resources, and compliance with reserve requirements are administered by the State Board of Education and the State Board of Administration. At June 30, 2008, amounts withheld and in the custody of the state totaled \$2,589,467 and are included as cash and investments with fiscal agent in the Statement of Net Assets.

**General Obligation Bonds**

On March 8, 1988, pursuant to Florida Statutes, Section 1010.41, voter residents of the District approved a referendum authorizing the School Board to issue General Obligation School Bonds in an aggregate amount not exceeding \$980 million, to be issued as required. The proceeds from the bonds are to be used to pay the cost of providing new educational facilities and improving existing educational facilities. As of June 30, 2008, no bonds remain to be issued. Principal and interest on the bonds will be paid from ad valorem school district taxes on all taxable real and personal property, excluding homestead exemption as required by Florida law, without limitation as to rate or amount.

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**10. LONG-TERM BONDS PAYABLE, Continued:**

A summary of bonds payable as of June 30, 2008 is as follows (in thousands):

	Authorized	Issued	Outstanding
State Board of Education (SBE) - Capital Outlay Bonds - Series 1999-A, due in varying annual payments through January 1, 2019, with interest rates ranging from 4.00% to 4.75%. Interest is payable semi-annually on January 1 and July 1. Bonds are callable on January 1, through December 31, 2009, at par plus 1% premium and thereafter at par.	\$ 3,100	\$ 3,100	\$ 1,960
State Board of Education (SBE) - Capital Outlay Bonds - Series 2000-A, due in varying annual payments through January 1, 2020, with interest rates ranging from 4.65% to 6.00%. Interest is payable semi-annually on January 1 and July 1. Bonds are callable on January 1, through December 31, 2010 at par plus 1% premium, and thereafter at par.	\$ 900	\$ 900	\$ 80
State Board of Education (SBE) - Capital Outlay Bonds - Series 2001-A, due in varying annual payments through January 1, 2021, with interest rates ranging from 4.10% to 5.25%. Interest is payable semi-annually on January and July 1. Bonds are callable on January 1, 2012 at par plus 1% premium, and thereafter at par.	\$ 495	\$ 495	\$ 380
State Board of Education (SBE) - Capital Outlay Bonds - Series 2002-A, due in varying annual payments through January 1, 2022, with interest rates ranging from 3.00% to 5.00%. Interest is payable semi-annually on January and July 1. Bonds are callable on January 1, through December 31, 2012 at par plus 1% premium, and thereafter at par.	\$ 1,950	\$ 1,950	\$ 1,580

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
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**10. LONG-TERM BONDS PAYABLE, Continued:**

	<u>Authorized</u>	<u>Issued</u>	<u>Outstanding</u>
<p>State Board of Education (SBE)            – Capital Outlay Bonds – Series            2003-A, due in varying annual            payments through January 1,            2023, with interest rates ranging            from 3.00% to 5.00%. Interest            is payable semi-annually on            January and July 1. Bonds are            callable on January 1, through            December 31, 2013 at par plus            1% premium, and thereafter at            par.</p>	\$ 1,285	\$ 1,285	\$ 1,055
<p>State Board of Education (SBE)            – Capital Outlay Bonds – Series            2004-A, due in varying annual            payments through January 1,            2024, with interest rates ranging            from 3.00% to 4.625%. Interest            is payable semi-annually on            January and July 1. Bonds are            callable on January 1 through            December 31, 2014 at par plus            1% premium, and thereafter at            par.</p>	\$ 5,115	\$ 5,115	\$ 4,510
<p>State Board of Education (SBE)            Capital Outlay Bonds – Series            2005A due in varying annual            payments through January 1,            2025 with interest rates ranging            from 3% to 5%. Interest is            payable semi-annually on            January 1 and July 1. Bonds are            callable on January 1 through            December 31, 2015 at par plus            1% premium, and thereafter at            par. A portion of the proceeds            was used to refund SBE Capital            Outlay Bonds Series 1996A &amp;            1997A to achieve debt service            savings.</p>	\$ 89,680	\$ 89,680	\$ 76,850
<p>State Board of Education (SBE)            Capital Outlay Bonds – Series            2005B due in varying annual            payments through January            1, 2020 with interest rates            ranging from 3% to 5%. Interest            is payable semi-annually on            January 1 and July 1. Bonds are            callable on January 1 through            December 31, 2015 at par plus            1% premium and thereafter at            par. The proceeds from these            bonds were used to refund SBE            Capital Outlay Bonds Series            1998A and 2000A to achieve            debt service savings.</p>	\$ 2,735	\$ 2,735	\$ 2,720

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
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**10. LONG- TERM BONDS PAYABLE, Continued:**

	Authorized	Issued	Outstanding
<p>State Board of Education (SBE)            – Capital Outlay Bonds – Series 2008A, due in varying annual payments through January 1, 2028, with interest rates ranging from 3.25% to 5.00%. Interest is payable semi-annually on January and July 1. Bonds are callable on January 1 through December 31, 2012 at par plus 1% premium, and thereafter at par.</p>	\$ 8,425	\$ 8,425	\$ 8,425
<p>General Obligation Schools Bonds, Series 1994, consisting of Serial Bonds due in varying serial payments through August 1, 2014. Interest rates ranging from 5.0% to 6.4%, is payable February 1 and August 1. Bonds maturing on August 1, 2004 and thereafter were called on this date at the redemption price of 101%. The bonds were remarketed with the same maturity dates, rates, and issue date at a true interest cost of 2.66%. The sale resulted in the same cash flow as the prior debt service and an economic gain of \$11,812 (Premium less issuance costs and call premium) for project fund deposits.</p>	Third in a series not to exceed \$ 980,000	\$ 99,030	\$ 69,135
<p>General Obligation Refunding School Bonds Series 1997, consisting of Serial Bonds due in varying serial payments through February 15, 2017. Interest, at a rate of 5.00%, is payable February 15 and August 15. The Bonds maturing on February 15, 2008 and thereafter were called on November 1, 2006 at the redemption price of 101%. The Bonds were remarketed at the same maturity dates, rates, and issue date at a true interest cost of 3.83%. The sale resulted in the same cash flow as prior debt service and an economic gain of \$4,237 (premium less issuance cost and call premium), project fund deposits.</p>	\$ 86,785	\$ 86,785	\$ 79,990



**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**10. LONG-TERM BONDS PAYABLE. Continued:**

	Authorized		Issued		Outstanding
<p>General Obligation Refunding School Bonds Series 1993, consisting of Serial Bonds due in varying serial payments through July 15, 2008. Interest rates ranging from 4.0% to 5.25%, is payable January 15 and July 15. The Bonds maturing on July 15, 2004, and thereafter were called on this date at the redemption price of 100%. The bonds were remarketed with the same maturity dates, rates, and issue date at a true interest cost of 1.65%. The sale resulted in the same cash flow as the prior debt service and an economic gain of \$8,718 (premium less issuance costs), project fund deposits.</p>	\$	152,855	\$	85,955	\$ 18,940
<p>General Obligation Refunding School Bonds Series 1996, consisting of Serial Bonds due in varying serial payments through July 15, 2011. Interest, with rates ranging from 4.50% to 5.00%, is payable January 15 and July 15. The Bonds maturing on July 15, 2007 and thereafter were called on November 1, 2006 at the redemption price of 101%. The Bonds were remarketed at the same maturity dates, rates, and issue date at a true interest cost of 3.72%. The sale resulted in the same cash flow as prior debt service and an economic gain of \$1,383 (premium less issuance cost and call premium), project fund deposits.</p>	\$	79,650	\$	79,650	\$ 65,275
<p>General Obligation Refunding School Bonds Series 1998, consisting of Serial Bonds due in varying serial payments through August 1, 2015. Interest rates ranging from 4.0% to 5.38%, is payable February 1 and August 1. The Bonds are not subject to redemption prior to maturity.</p>	\$	154,580	\$	154,580	\$ 148,540
<b>Total Long-Term Bonds Payable</b>					\$ 479,440

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal year Ended June 30, 2008**

**10. LONG-TERM BONDS PAYABLE. Continued:**

Debt service requirements through maturity for all long-term bonds payable at June 30, 2008 are as follows (in thousands):

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2009	\$ 74,370	\$ 22,478	\$ 96,848
2010	58,175	19,460	77,635
2011	61,095	16,562	77,657
2012	64,395	13,412	77,807
2013	49,290	10,533	59,823
2014 – 2018	162,495	17,692	180,187
2019 – 2023	5,710	1,729	7,439
2024 – 2028	3,910	544	4,454
<b>Total</b>	<b>\$ 479,440</b>	<b>\$ 102,410</b>	<b>\$ 581,850</b>

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
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**For the Fiscal year Ended June 30, 2008**

**11. OBLIGATIONS UNDER LEASE PURCHASE AGREEMENT -  
CERTIFICATES OF PARTICIPATION:**

On August 1, 1994, the District entered into a Lease Purchase Agreement, with the Dade County School Board Foundation, Inc., a Florida not-for-profit corporation (the "Foundation"), to finance the acquisition and construction of new schools and appurtenant equipment and other property (the "Facilities") to be operated by the District. The members of the School Board serve as the Board of Directors of The Foundation. The Foundation was formed by the School Board solely for the purpose of acting as the lessor of the Facilities, with the District as lessee. The School Board as lessor entered into Ground Leases with the Foundation for the Facilities site and all improvements. In conjunction therewith, Certificates of Participation, (the "Certificates") were issued to third parties, evidencing undivided proportionate interests in basic lease payments to be made by the District, as lessee, pursuant to the Lease Purchase Agreement. Fee title to the Facilities and the Facilities site is in the name of the District. The District is responsible for operation, maintenance, use, occupancy, upkeep and insurance of the Facilities.

The Foundation leases the Facilities to the District under the Lease Purchase Agreements, which are automatically renewable annually through May 1, 2037, unless terminated, in accordance with the provisions of the Lease Purchase Agreements, as a result of default or the failure of the School Board to appropriate funds to make lease payments in its final official budget. The remedies on default or upon an event of non-appropriation include the surrender of the Facilities by the District and its re-letting for the remaining Ground Lease term, or the voluntary sale of the Facilities by the School Board, in either case with the proceeds to be applied against the School Board's obligations under the Lease Purchase Agreements.

The Certificates are not separate legal obligations of the School Board, but represent undivided interests in lease payments to be made from appropriate funds budgeted annually by the School Board for such purpose from current or other funds authorized by law and regulations of the Department of Education, including the local optional millage levy. However, neither the School Board, the District, the State of Florida, nor any political subdivision thereof, are obligated to pay, except from appropriated funds, any sums due under the Lease Purchase Agreement from any source of taxation. The full faith and credit of the School Board and the District is not pledged for payment of such sums due under the Lease Purchase Agreements and such sums do not constitute an indebtedness of the School Board or the District within the meaning of any constitutional or statutory provision or limitation. The District intends that the Series 2000A, 2001C, 2004A, 2005A, 2006C, and 2006D lease payments will primarily be paid out of impact fees collected on new residential construction by Miami-Dade County and remitted to the School Board.

Basic lease payments are deposited with the Trustee semi-annually. For accounting purposes, due to the consolidation of the Foundation within the financial statements, basic lease payments are reflected as debt service expenditures when payable to Certificate holders. Payments of the outstanding Certificates of Participation are insured through MBIA Insurance Corp., AMBAC Indemnity Corp., Financial Security Assurance (FSA) Inc., and Financial Guarantee Insurance Company (FGIC).

A trust fund was established with the Trustee to facilitate payments in accordance with the Lease Purchase Agreements and the Trust Agreements. Various accounts are maintained by the Trustee in accordance with the trust indenture. All funds held in the various accounts, are invested by the Trustee, as directed by the School Board. Interest earned on funds in the Acquisition Account is transferred to the Lease Payment Account.

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**11. OBLIGATIONS UNDER LEASE PURCHASE AGREEMENT - CERTIFICATES OF PARTICIPATION, Continued:**

A summary of Certificates of Participation payable as of June 30, 2008 is as follows (in thousands):

	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate(s)</u>	<u>Issued</u>	<u>Outstanding</u>
<b>1998A Series</b> – Serial & Term Certificates. Partial refunding of 1994B and 1996B Series.	06/01/98	08/01/27	True Interest Cost 5.025% 4% to 5.25%	\$ 32,500	\$ 22,450
<b>1998C Series</b> – Serial & Term Certificates. Partial refunding of 1994A, 1996A and 1996B Series.	11/01/98	08/01/25	True Interest Cost 4.975% 4% to 5.25%	283,700	8,265
<b>2000A Series</b> – Serial & Term Certificates.	09/28/00	10/01/20	True Interest Cost 5.402% 4.4% to 6%	100,720	8,620
<b>2000 Qualified Zone Academy Bonds</b> – Interest is paid by U.S. Government through issuance of federal income tax credits.	12/21/00	12/21/13	N/A	24,508	24,508
<b>2001 Qualified Zone Academy Bonds</b> – Interest is paid by U.S. Government through issuance of federal income tax credits.	06/01/01	06/01/15	N/A	15,000	15,000
<b>2003 Qualified Zone Academy Bond</b> – Interest is paid by the U.S. Government through issuance of federal income tax credits.	12/18/03	12/18/18	N/A	9,744	9,744
<b>2006 Qualified Zone Academy Bond</b> -Interest is paid by the U.S. Government through issuance of federal income tax credits.	12/15/06	12/15/22	N/A	2,600	2,600
<b>2001B Series</b> – Auction Rate Certificates converted to variable rate mode based on LIBOR plus 0.30% under a Private Placement with predetermined reset terms.	06/19/01	05/01/31	Variable Interest – 3.41% @ June 30, 2008	54,650	50,200
<b>2001C Series</b> – Serial and Term Certificates.	09/01/01	10/01/21	True Interest Cost 4.734% 3.5% to 5.5%	42,235	7,255
<b>2002A Series</b> – Auction Rate Certificates converted to variable rate mode based on LIBOR plus 0.30% under a Private Placement with predetermined reset terms.	12/13/02	08/01/27	Variable Interest – 2.96% @ June 30, 2008	75,000	68,070
<b>2002B Series</b> – Auction Rate Certificates converted to variable rate mode based on LIBOR plus 0.30% under a Private Placement with predetermined reset terms.	12/13/02	08/01/27	Variable Interest 2.96% @ June 30, 2008	75,000	68,070

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
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**11. OBLIGATIONS UNDER LEASE PURCHASE AGREEMENT -**  
**CERTIFICATES OF PARTICIPATION, Continued:**

A summary of Certificates of Participation payable as of June 30, 2008 is as follows (in thousands), continued:

	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate(s)</u>	<u>Issued</u>	<u>Outstanding</u>
<b>2003A Series</b> – Include Capital Appreciation Bonds, Fixed & Term Certificates. Have a mandatory purchase date of 8/1/08. Refunded 1998B series at 101% with a gross savings of \$5,518 and a net present value economic savings of \$5,065.	03/01/03	08/01/27	True Interest Cost 3.418% Assumed 3.5%-Beyond Mandatory Purchase Date	\$ 63,633	\$ 61,453
<b>2003B Series</b> – Include Fixed Rate & Term Rate Certificates. Have a mandatory purchase date of 5/1/11. Refunded 2001A Series at 101% with a gross savings of \$6,951 and a net present value economic savings of \$6,700.	03/01/03	05/01/31	True Interest Cost 3.854% Assumed 3.5%-Beyond Mandatory Purchase Date	137,780	132,150
<b>2003C Series</b> – Fixed Rate Certificates. Refunded 1993 Series at 102% with a gross savings of \$1,218 and a net present value economic savings of \$1,206.	05/05/03	08/01/08	True Interest Cost 2.53% 5.125% to 5.5%	24,170	4,625
<b>2003D Series</b> – Serial & Term Certificates.	06/01/03	08/01/29	True Interest Cost 4.358% 2% to 5%	165,210	161,775
<b>2004A Series</b> – Serial Certificates. Partially refunded 2000A and 2001C at 100% with a gross savings of \$3,316 and a net present value economic savings of \$3,226.	08/12/04	10/01/20	True Interest Cost 4.29% 2.25% to 5.25%	87,210	86,970
<b>2005A Series</b> – Serial & Term Certificates.	06/28/05	04/01/20	True Interest Cost 3.892% 3.5% to 5%	56,380	34,930
<b>2006A Series</b> – Serial & Term Certificates.	03/15/06	11/01/31	True Interest Cost 4.49% 3.375% to 5.00%	201,080	196,485
<b>2006B Series</b> – Serial & Term Certificates.	04/11/06	11/01/31	True Interest Cost 4.54% 3.50% to 5.00%	208,150	203,375
<b>2006C Series</b> – Serial & Term Certificates.	05/10/06	10/01/21	True Interest Cost 4.41% 3.875% to 5.00%	53,665	51,105
<b>2006D Series</b> – Serial Certificates. Partially refunded 2001C at 100% with a gross savings of \$558 and a net present value economic savings of \$419.	12/21/06	10/01/21	True Interest Cost 4.098% 3.625% to 5.00%	10,570	10,485

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA  
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**11. OBLIGATIONS UNDER LEASE PURCHASE AGREEMENT –  
CERTIFICATES OF PARTICIPATION, Continued:**

	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate(s)</u>	<u>Issued</u>	<u>Outstanding</u>
<b>2007A Series</b> – Serial & Term Certificates.	05/10/07	05/01/32	True Interest Cost 4.52% 3.75% to 5.00%	\$ 316,515	\$ 316,515
<b>2007B Series</b> – Serial & Term Certificates.	05/24/07	05/01/32	True Interest Cost 4.47% 4.00% to 5.00%	101,265	101,265
<b>2007C Series</b> – Auction Rate Certificates converted to variable rate mode based on LIBOR plus 0.30% under a Private Placement with predetermined reset terms.	05/24/07	05/01/37	Variable Interest 3.41% @ June 30, 2008	90,825	90,825
<b>2008A Series</b> – Serial Certificates. Forward Cash market Refunding of Series 1998A & 1998C with a gross savings of \$11,015 and a net present value economic savings of \$9,011.	06/19/08	08/01/26	True Interest Cost 4.327% 5%	233,400	233,400
<b>2008B Series</b> – Serial & Term Certificates.	05/28/08	05/01/33	True Interest Cost 4.869% 3.5% to 5.25%	<u>538,305</u>	<u>538,305</u>
				<u><b>\$ 3,103,815</b></u>	<u><b>\$ 2,508,445</b></u>